Treasury Board Secretariat

PUBLIC ACCOUNTS OF ONTARIO

Financial Statements of Government Organizations

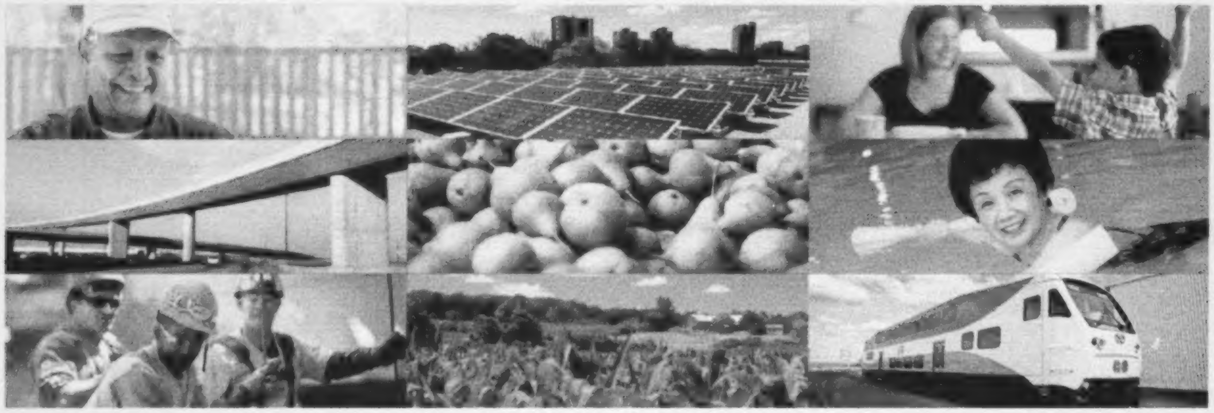
2014-2015

VOLUME 2A

Ontario

Treasury Board Secretariat

PUBLIC ACCOUNTS OF ONTARIO



Financial Statements of Government Organizations

2014-2015

VOLUME 2A

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RESPONSIBLE MINISTRY FOR GOVERNMENT BUSINESS ENTERPRISES, ORGANIZATIONS, TRUSTS & MISCELLANEOUS FINANCIAL STATEMENTS

Ministry of Agriculture and Food/Rural Affairs
- AgriCorp
- Agricultural Research Institute of Ontario
- Ontario Racing Commission

Ministry of the Attorney General
- Legal Aid Ontario
- The Public Guardian and Trustee for the Province of Ontario

Ministry of Economic Development, Trade and Employment/Research and Innovation
- Ontario Capital Growth Corporation
- Ontario Immigrant Investor Corporation

Ministry of Education
- Education Quality and Accountability Office
- Ontario Educational Communications Authority (TV Ontario)
- Ontario French-Language Educational Communications Authority

Ministry of Energy
- Hydro One Inc.
- Independent Electricity System Operator
- Ontario Energy Board
- Ontario Power Authority
- Ontario Power Generation Inc.

Ministry of the Environment
- Ontario Clean Water Agency

Ministry of Finance
- Deposit Insurance Corporation of Ontario
- Liquor Control Board of Ontario
- Losses Deleted from the Accounts
- Motor Vehicle Accident Claims Fund
- Ontario Electricity Financial Corporation
- Ontario Financing Authority
- Ontario Lottery and Gaming Corporation
- Ontario Securities Commission
- Pension Benefits Guarantee Fund
- Provincial Judges Pension Fund
- Revenue Remissions

Ministry of Government Services
- Ontario Pension Board

Ministry of Infrastructure
- General Real Estate Portfolio
- Ontario Infrastructure and Lands Corporation (Infrastructure Ontario)
- Toronto Waterfront Revitalization Corporation (Waterfront Toronto)

RESPONSIBLE MINISTRY FOR GOVERNMENT BUSINESS ENTERPRISES, ORGANIZATIONS, TRUSTS & MISCELLANEOUS FINANCIAL STATEMENTS

Ministry of Health and Long-Term Care
- Cancer Care Ontario
- eHealth Ontario
- Local Health Integration Network – Central
- Local Health Integration Network – Central East
- Local Health Integration Network – Central West
- Local Health Integration Network – Champlain
- Local Health Integration Network – Erie St. Clair
- Local Health Integration Network – Hamilton Niagara Haldimand Brant
- Local Health Integration Network – Mississauga Halton
- Local Health Integration Network – North East
- Local Health Integration Network – North Simcoe Muskoka
- Local Health Integration Network – North West
- Local Health Integration Network – South East
- Local Health Integration Network – South West
- Local Health Integration Network – Toronto Central
- Local Health Integration Network – Waterloo Wellington
- Ontario Agency for Health Protection and Promotion (Public Health Ontario)
- Ornge

Ministry of Labour
- Workplace Safety and Insurance Board

Ministry of Municipal Affairs and Housing
- Ontario Mortgage and Housing Corporation

Ministry of Natural Resources
- Algonquin Forestry Authority
- Forest Renewal Trust

Ministry of Northern Development and Mines
- Northern Ontario Heritage Fund Corporation
- Ontario Northland Transportation Commission

Ministry of Tourism, Culture and Sport
- The Centennial Centre of Science and Technology (Ontario Science Centre)
- Metropolitan Toronto Convention Centre Corporation
- Niagara Parks Commission
- Ontario Place Corporation
- Ontario Tourism Marketing Partnership Corporation
- Ontario Trillium Foundation
- Ottawa Convention Centre Corporation
- Province of Ontario Council for the Arts (Ontario Arts Council)
- The Royal Ontario Museum
- Toronto Organizing Committee for the 2015 Pan American and Parapan American Games (Toronto 2015)

Ministry of Transportation
- Metrolinx

A GUIDE TO THE PUBLIC ACCOUNTS

1. SCOPE OF THE PUBLIC ACCOUNTS

The 2014-2015 Public Accounts of the Province of Ontario comprise the **Annual Report and Consolidated Financial Statements** and three volumes:

Volume 1	contains ministry statements and detailed schedules of debt and other items. The ministry statements reflect the financial activities of the government's ministries on the accrual basis of accounting, providing a comparison of appropriations with actual spending. Ministry expenses include all expenses that are subject to appropriation approved by the Legislative Assembly, but exclude adjustments arising from consolidation of government organizations whose expenses are not appropriated.
Volume 2	contains the financial statements of Government Organizations and Business Enterprises that are part of the government's reporting entity and other miscellaneous financial statements.
Volume 3	contains the details of payments made by ministries to vendors (including sales tax) and transfer payment recipients that are not deemed to be prohibited by the *Freedom of Information and Protection of Privacy Act*.

2. A GUIDE TO VOLUME 2 OF THE PUBLIC ACCOUNTS

The financial statements of the selected crown corporations, boards and commissions are for fiscal periods ending within the Province's own fiscal period April 1, 2014 to March 31, 2015. They are presented in the same detail as the approved, audited financial statements and as nearly as possible in the same form. The statements have been presented in the order shown in the Table of Contents. In addition, a listing is provided which groups the crown corporations, boards and commissions by ministerial responsibility.

GOVERNMENT ORGANIZATIONS

Agricorp®

An agency of the Government of Ontario

Management's responsibility for financial reporting

The accompanying financial statements and the financial information in the annual report have been prepared by management. The financial statements have been prepared in accordance with Canadian public sector accounting standards. Management is responsible for the accuracy, integrity and objectivity of the information contained in the financial statements. Financial information contained elsewhere in the annual report is consistent with that contained in the financial statements.

The financial statements include some amounts, such as provisions for claims, that are necessarily based on management's best estimates and have been made using careful judgment.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. The systems include formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control. The Board meets regularly to oversee the financial activities of the Agency and annually reviews the financial statements.

The financial statements have been examined independently by the Office of the Auditor General on behalf of the Legislature and the Board of Directors. The Auditor's Report outlines the scope of their examination and expresses their opinion on the financial statements of the company.

Randy Jackiw
Chief Executive Officer

Erich Barfuss
Chief Financial Officer

June 22, 2015

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To Agricorp
and to the Minister of Agriculture, Food and Rural Affairs

I have audited the accompanying financial statements of Agricorp, which comprise the statement of financial position as at March 31, 2019, and the statements of operations and fund balances, remeasurement gains and losses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Agricorp as at March 31, 2019 and the results of its operations, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Toronto, Ontario
June [illegible], 2019

Susan Klein, CPA, CA, LPA
Assistant Auditor General

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Statement of financial position

As at March 31, 2015 with comparative information for 2014

(in thousands of dollars)		General Fund		Production Insurance		2015		2014
Assets								
Cash	$	[illegible]	$	[illegible]	$	[illegible]	$	[illegible]
Investments (note 5)		[illegible]		[illegible]		[illegible]		[illegible]
Accounts receivable (note 6)		[illegible]		[illegible]		[illegible]		[illegible]
Funds under administration (note 3)		[illegible]		–		[illegible]		[illegible]
Prepaid expenses		[illegible]		–		[illegible]		[illegible]
Accrued pension asset (note 11)		[illegible]		–		[illegible]		[illegible]
Capital assets (note 6)		[illegible]		–		[illegible]		[illegible]
Total assets	$	[illegible]	$	[illegible]	$	[illegible]	$	[illegible]
Liabilities and Fund Balances								
Accounts payable and accrued liabilities	$	[illegible]	$	[illegible]	$	[illegible]	$	[illegible]
Unearned premiums and revenue (note 9)		[illegible]		[illegible]		[illegible]		[illegible]
Provision for claims		–		[illegible]		[illegible]		[illegible]
Funds under administration (note 3)		[illegible]		–		[illegible]		[illegible]
Total liabilities		[illegible]		[illegible]		[illegible]		[illegible]
Fund balances		[illegible]		[illegible]		[illegible]		[illegible]
Accumulated remeasurement gains		–		[illegible]		[illegible]		[illegible]
Total liabilities and fund balances	$	[illegible]	$	[illegible]	$	[illegible]	$	[illegible]

Commitments and contingencies (note 12)

See accompanying notes to financial statements

Approved on behalf of the Board

[illegible]
Vice-chair

Brad Klak
Chief Executive Officer

Statement of operations and fund balances

Year ended March 31, 2015 with comparative information for 2014

(in thousands of dollars)	General Fund	Production Insurance	2015	2014
Revenue				
Operating funding – Ontario and Canada (note 8)	$ 40,133	$ –	$ 40,133	$ 47,260
Premiums from producers	–	57,765	57,765	63,957
Funding – Ontario and Canada	–	86,840	86,840	96,192
Sales, consulting and other services	844	–	844	848
Investment income	80	20,062	20,142	20,414
Total revenue	**41,057**	**164,667**	**205,724**	**228,671**
Expenses				
Claims	–	85,601	85,601	89,257
Reinsurance (note 10)	–	9,219	9,219	17,133
Administration (note 16)	40,935	–	40,935	48,017
Bad debts	–	12	12	8
Total expenses	**40,935**	**94,832**	**135,767**	**154,415**
Excess of revenue over expenses	122	69,835	69,957	74,256
Fund balances, beginning of year	8,338	731,746	740,084	665,828
Fund balances, end of year	**$ 8,460**	**$ 801,581**	**$ 810,041**	**$ 740,084**

Related Party transactions (note 13)

See accompanying notes to financial statements.

Statement of remeasurement gains and losses

Year ended March 31, 2015 with comparative information for 2014

(in thousands of dollars)	2015	2014
Accumulated remeasurement gains, beginning of year	$ 13,454	$ 19,957
Unrealized gains (losses) on investments	(103)	(6,503)
Accumulated remeasurement gains, end of year	**$ 13,351**	**$ 13,454**

See accompanying notes to financial statements.

Statement of cash flows

Year ended March 31, 2015 with comparative information for 2014

(in thousands of dollars)	General Fund	Production Insurance	2015	2014
Cash provided by operating activities				
Excess of revenue over expenses	$ 122	$ 69,835	$ 69,957	$ 74,256
Items not requiring an outlay of cash				
Amortization of capital assets	1,527	-	1,527	2,488
Total	**1,649**	**69,835**	**71,484**	**76,744**
Changes in non-cash working capital				
Accounts receivable	3,584	(1,765)	1,819	(713)
Prepaid expenses	43	-	43	203
Accrued pension asset	(621)	-	(621)	(1,815)
Accounts payable and accrued liabilities	(565)	(157)	(722)	915
Unearned premiums and revenue	(669)	(2,385)	(3,054)	(10,977)
Provision for claims	-	(2,259)	(2,259)	4,826
Total	**1,772**	**(6,566)**	**(4,794)**	**(7,561)**
Investing activities				
(Increase) in investments	(1,764)	(63,861)	(65,625)	(61,742)
Unrealized losses on investments	-	(103)	(103)	(6,503)
Capital activities				
Purchase of capital assets	(829)	-	(829)	(1,001)
Total	**(2,593)**	**(63,964)**	**(66,557)**	**(69,246)**
Increase (decrease) in cash	828	(695)	133	(63)
Cash, beginning of year	577	1,503	2,080	2,143
Cash, end of year	**$ 1,405**	**$ 808**	**$ 2,213**	**$ 2,080**

See accompanying notes to financial statements.

Notes to the financial statements

Year ended March 31, 2015

1. Nature of operations

The AgriCorp Act, 1996 established Agricorp as a provincial crown corporation without share capital, on January 1, 1997. As an agency of the Ontario government, Agricorp's mandate is to deliver government and non-government business risk management programs to Ontario's agriculture industry on behalf of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA).

These programs are as follows:

Government – Production Insurance

Production Insurance was established in 1966 and currently operates pursuant to the *Crop Insurance Act* (Ontario, 1996). For over 100 commercially grown crops in Ontario, Production Insurance provides insured producers with financial protection against yield reduction caused by natural perils.

Government – Other Business Risk Management

These programs, as detailed under note 3, are administered by Agricorp on behalf of OMAFRA and the federal government. The rules regarding payments to customers are determined by the programs and in formal agreements with Agricorp. The funds paid out under these programs flow from either Ontario or Canada or both through Agricorp to qualified applicants, and are held in segregated accounts in funds under administration.

Other

Agricorp is responsible for the delivery of the Farm Business Registration Program (FBR) established under the *Farm Registration and Farm Organizations Funding Act*, 1993. Under an agreement with OMAFRA, Agricorp's primary obligations include registration of farm businesses, collection of registration fees, and disbursement of the fees net of an administrative charge to Ontario's accredited farm organizations.

2. Significant accounting policies

a) Basis of accounting

The financial statements of Agricorp have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada (CPA Canada). Agricorp has also elected to apply the section 4200 standards for Government Not-For-Profit Organizations. These financial statements are, in management's opinion, properly prepared within reasonable limits of materiality, statutory requirements and the framework of the accounting policies summarized below.

Agricorp uses fund accounting whereby the activities in each program are accounted for in separate funds. The General Fund is used to account for all administrative revenues and expenses, as well as for all unsegregated activities.

b) Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided for using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	4 years
Computer hardware	3 years
Computer software	2 years
Leasehold improvements	5 years

c) Employee future benefits

Agricorp provides defined retirement benefits and other future benefits for substantially all retirees and employees. These future benefits include pension plan and accumulated sick leave.

i) Pension plan

Agricorp sponsors a contributory defined benefit registered pension plan for all full-time and eligible part-time employees. Agricorp contributes to the plan based on employee contributions and a factor determined by the plan's independent actuary. The cost of pension benefits for the defined benefit plan is determined by an independent actuary using the projected benefit method pro-rated on service and management's best estimates of expected plan investment performance, salary escalation, and retirement ages of employees. Pension plan assets are valued using current fair values and any actuarial adjustments are amortized on a straight-line basis over the average remaining service life of the employee group.

ii) Accumulated sick leave

Agricorp provides a non-vested sick leave benefit to all full-time and part-time employees. Employees are granted 6 days of sick leave per year and are eligible to accumulate up to 30 days of sick leave. Employees are not paid for unused sick leave.

d) Revenue recognition

Under the General Fund, Agricorp accounts for government funding under the deferral method of accounting. Government funding used for the purchase of capital assets is deferred and amortized into revenue on the same basis and at rates corresponding to those of the related capital assets. All remaining government funding is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Sales, consulting and other services revenue is recognized as services are performed, collection of the relevant receivable is probable and persuasive evidence of an arrangement exists.

Production Insurance government funding and Production Insurance producer premiums are recognized as revenue in the year in which the related crops are harvested. Premiums received for future years are classified as unearned premiums and revenue on the statement of financial position.

e) Financial instruments

Agricorp's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities.

All financial instruments are recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record short-term demand deposit type investments as amortized at cost, which approximates fair value, and all other investments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations and fund balances.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and fund balances. Any unrealized gain or loss on investments is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations and fund balances. Agricorp is required to classify fair value measurements using a fair value hierarchy, which indicates three levels of information that may be used to measure fair value:

Level 1
Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2
Observable or corroborated inputs, other than Level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3
Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

f) Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amounts of accounts receivable, capital assets, accounts payable and accrued liabilities, unearned premiums and revenue, provision for claims and accrued pension asset. Actual results could differ from those estimates.

g) Provision for claims

The provision for claims represents an estimate of the cost of potential future claims, primarily related to the Production Insurance program as it pertains to the prior year's crop that has not been harvested before year end due to weather conditions.

3. Funds under administration

Agricorp provides administration services on a cost recovery basis to process and disburse payments to producers enrolled in business risk management and non-business risk management agricultural programs. These programs are generally administered on behalf of OMAFRA for producers in Ontario, and cover joint Canada-Ontario, Canada-only, and Ontario-only programs. Individual program delivery agreements are in place for each program.

Program payments are calculated according to program requirements and the program delivery agreements. Funding is provided by Canada and/or Ontario and all funds are segregated in accounts under administration by program until such time as payments are processed for the producers.

Funds for these programs are held in accounts with Canadian banks, bankers' acceptance or bank discount notes and all are highly liquid. As Agricorp only administers these programs, no recognition is made for program revenue, expense, receivables or payables.

a) AgriStability

AgriStability was established under the Growing Forward Framework Agreement as a continuation of the Canadian Agricultural Income Stabilization (CAIS) program. AgriStability has been in effect since 2007. This program provides agricultural producers with financial protection against large declines in farm margin. To participate, producers must enroll in the program and pay administration and enrollment fees based on their reference margin for specified prior years. Producers are also required to submit an application that includes production data and farming income (or loss) reported for income tax purposes.

Starting with program year 2013, the Growing Forward 2 agreement on agricultural policy has resulted in a simplified program, with a single coverage level. A program benefit is paid to the participant when the participant's current production margin declines by more than 30%

below the lower of the reference margin or the average adjusted expenses.

AgriStability is cost shared by Canada and Ontario at a basis of 60% and 40% respectively.

b) Risk Management Program (RMP)

RMP was launched by the Ontario government as a permanent program effective April 2011 and extended to additional sectors. RMP helps producers offset losses caused by low commodity prices and fluctuating production costs. RMP is fully funded by Ontario and is an advance against Ontario's share of AgriStability program costs and reduces its share of AgriStability payments. Effective January of 2015, AgriStability participation is no longer an eligibility requirement of RMP.

RMP includes the following plans:

RMP: Grains and Oilseeds (RMP-GO)

The plan provides Ontario grain and oilseed producers with commodity specific price support based on cost of production. To participate, producers must pay premiums, provide a premises identification number and participate in Production Insurance, if available for their crop.

RMP for Livestock (RMP-LS)

RMP for Livestock includes individual plans for cattle, hogs, sheep and veal. The plans provide producers with commodity specific price support based on cost of production. To participate, producers must pay premiums and provide a premises identification number.

RMP: Self-Directed Risk Management Plan: Edible Horticulture (RMP-SDRM)

Under the terms of the plan, producers of edible horticulture deposit into their account a percentage of their eligible net sales and a contribution is made into the account by the Ontario government. Funds can be withdrawn to cover risks to the farm business, such as a reduction in income or other farm-related expenses or losses. To participate, producers must make a deposit into their SDRM account and provide a premises identification number.

c) General Top-Up Program (GTUP)

GTUP was established under the Canada-Ontario Implementation Agreement and expired on March 31, 2008. Under the terms of the agreement, producers that participated in CAIS and received a payment under that program were eligible for a top-up payment based on a fixed percentage of their 2003 and 2004 CAIS government benefits.

d) Beekeepers Financial Assistance Program (BFAP)

The BFAP initiative came into effect April 30, 2014. The initiative provided financial assistance to eligible Ontario beekeepers who were experiencing unusually high bee deaths in 2014. This program was extended to 2015 to deal with ongoing bee mortality issues. BFAP is fully funded by Ontario.

e) Other programs

Agricorp administers several other programs, some of which are in the process of being wound down on behalf of OMAFRA and the federal government. These programs continue to be funded by OMAFRA and the federal government in accordance with each program delivery agreement. Examples of these programs include:

Risk Management Program pilot (RMP pilot)

RMP pilot came into effect August 16, 2007 and expired on March 31, 2013. The program provided Ontario grain and oilseed producers with commodity specific price support based on cost of production for the 2007, 2008, 2009 and 2010 crop years. The program was fully funded by Ontario and represented an advance against Ontario's share of AgriStability program costs and reduced its share of AgriStability payments.

Self-Directed Risk Management Program (SDRM)

SDRM program delivery agreement between OMAFRA and Agricorp came into effect April 1, 2007 and expired on March 31, 2013. Under the terms of the program, producers deposited into the program account a percentage of their eligible net sales and a matching contribution was also made into the account by Canada and/or Ontario. Claims were paid out of the program account to participants, but the total payment amount for a program year could not exceed the total available funds in the account.

Farm Business Registration (FBR)

In accordance with the *Farm Registration and Organizations Funding Act*, 1993, farm businesses in Ontario whose gross farm income is equal to or greater than $7,000 are required to register their farm business. In return for the registration, the farm business pays a reduced property tax rate on agricultural land (25% versus 100%), and is granted membership in an accredited farm organization of their choice. Agricorp collects these fees and remits them, less an administrative charge, to the chosen accredited farm organization.

The following summarizes the transactions related to the funds under administration:

(In thousands of dollars)	Opening Balance 2015	Federal Funding	Provincial Funding	Other	Payments	Closing Balance 2015
AgriStability	$ 66,792	$ 36,077	$ 20,691	$ 1,054	$ (58,668)	$ 65,946
RMP-GO	35	–	31,710	(19)	(31,523)	203
RMP-LS	1,798	–	11,955	(421)	(11,030)	2,302
RMP-SDRM	7,543	–	22,730	727	(24,269)	6,731
GTUP	2,374	–	–	155	(47)	2,482
BFAP	–	–	3,605	22	(3,154)	473
Other	590	–	343	(114)	(347)	472
Total	**$ 79,132**	**$ 36,077**	**$ 91,034**	**$ 1,404**	**$(129,038)**	**$ 78,609**

4. Accounts receivable

Accounts receivable are comprised primarily of amounts due from the governments of Canada and Ontario and amounts due from producers.

(in thousands of dollars)	2015	2014
Government funding – Canada	$ 9,236	$ 10,086
Government funding – Ontario	1,633	4,711
Other	1,233	936
	12,102	15,733
Less allowance for doubtful accounts	(87)	(1,899)
	$ 12,015	**$ 13,834**

5. Investments

Legislation restricts Agricorp's investments to highly liquid, high-grade investments such as federal and provincial bonds, deposit notes issued by domestic financial institutions and other securities approved by the Minister of Finance.

a) Portfolio profile

Short-term demand deposit type investments are at amortized cost which approximates fair value. Other investments are valued at fair value:

(in thousands of dollars)	2015	2014
Short-term	$ 535,855	$ 419,181
Long-term bonds		
Government of Canada	-	8,895
Province of Ontario	82,441	97,864
Other provincial governments	108,070	167,021
Provincial utilities	42,110	48,934
Financial institutions	61,759	22,715
	294,380	345,429
Total investments	**$ 830,235**	**$ 764,610**

b) Maturity profile of the investment portfolio

(in thousands of dollars)	2015	2014
< 1 Year	$ 535,855	$ 419,181
1–3 Years	217,842	200,063
3–5 Years	76,538	145,366
Total	**$ 830,235**	**$ 764,610**

c) Fair value hierarchy

Fair market value of all investments was determined using Level 1 information (note 2 (e)).

6. Capital assets

(in thousands of dollars)	Cost	Accumulated amortization	2015 Net book Value	2014 Net book Value
Furniture and fixtures	$ 1,215	$ 1,190	$ 25	$ 62
Computer hardware	4,335	3,747	588	687
Leasehold improvements	1,950	1,923	27	38
Computer software	12,919	12,421	498	1,049
Total	**$ 20,419**	**$ 19,281**	**$ 1,138**	**$ 1,836**

7. Financial instruments risk management

a) Fair value of financial assets and financial liabilities

The carrying values of cash, demand deposit type investments, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods of maturity of the instruments.

The fair value of other investments is based on quoted market values.

b) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on Agricorp's financial position, operations and cash flow.

Fluctuations in interest rates have a direct impact on the market valuation of Agricorp's fixed income securities portfolio. The average return on investments is 2.98% (2014 was 3.63%). Fluctuations in interest rates could have a significant impact on the fair value of the fixed income securities profile. Although investments are generally held to maturity, realized gains or losses could result if actual Production Insurance claim levels differ significantly from expected claims, and liquidation of long-term investments is required to meet obligations.

c) Credit risk

Credit risk is the risk that other parties fail to perform as contracted. Agricorp is exposed to credit risk principally through balances receivable from the federal and provincial governments and producers as well as through its investment securities. Agricorp is exposed to credit risk on the reinsurance contracts that are placed with reinsurers. In order to minimize this risk, Agricorp places reinsurance with a number of different reinsurers and evaluates the financial condition of each of these reinsurers in order to minimize exposure to a significant loss from any one reinsurer in the event of insolvency. Reinsurers are typically required to have a minimum financial strength rating of A–, based on the rating agencies A.M. Best, and Standard and Poor's. Based on professional judgment, management sets limits to establish the maximum amount of business that can be placed with a single reinsurer.

Credit risk on balances receivable arises from the possibility that the entities which owe funds to Agricorp may not fulfill their obligation. Collectability is reviewed regularly and an allowance for doubtful accounts is established to recognize the impairment risks identified.

Credit risk on investment securities arises from Agricorp's positions in term deposits, corporate debt securities and government bonds. Legislation restricts the types of investments Agricorp may hold to high grade Canadian debt instruments and investments approved by the Ministry of Finance which significantly reduces credit risk.

8. Operating funding – Ontario and Canada

The governments of Canada and Ontario have agreed to share the costs of administering Production Insurance, AgriStability and GTUP at the ratio of 60% and 40% respectively. The costs to administer RMP-GO, RMP-LS, RMP-SDRM and BFAP programs are funded by Ontario.

9. Unearned premiums and revenue

Unearned premiums represent premiums of $15.3 million (2014–$17.7 million) paid in advance to Production Insurance for crops that have yet to be harvested. Unearned revenue includes operating funding related primarily to the unamortized value of capital assets of $1.1 million (2014–$1.8 million) and other unearned amounts of $3.3 million (2014–$3.2 million).

10. Reinsurance agreement

Agricorp has an ongoing program of reinsurance with a number of insurance carriers. This program provides for the reinsuring companies to assume Production Insurance losses based on negotiated thresholds. Agricorp purchased reinsurance to mitigate a fixed percentage of losses for 2014 Production Insurance claims in excess of $396 million to a maximum of $538 million. As actual claims for the 2014 crop year were less than the minimum threshold, no reinsurance payments were received by Agricorp.

Agricorp signed an agreement in December 2014 whereby it purchased reinsurance through a number of carriers for the 2015 crop year. The amount purchased under this agreement is to mitigate a fixed percentage of losses between 16% and 19% of insured liability, subject to a maximum of $3.55 billion (2014 – $3.53 billion).

11. Pension

Agricorp has a mandatory contributory defined benefit plan for its full-time and part-time employees.
The changes for the defined benefit plan of Agricorp during the year are as follows:

(in thousands of dollars)	2015	2014
Accrued benefit obligation		
Balance, beginning of year	$ 36,239	$ 31,006
Current service cost	2,369	2,100
Interest cost	2,408	2,236
Employee contributions	1,463	1,621
Benefits paid	(2,022)	(666)
Actuarial (gain) loss	–	(58)
Balance, end of year	**$ 40,457**	**$ 36,239**

(in thousands of dollars)	2015	2014
Plan assets		
Fair value, beginning of year	$ 45,021	$ 34,822
Actual return on plan assets	5,256	5,471
Employer contributions	2,282	3,773
Employee contributions	1,463	1,621
Benefits paid	(2,022)	(666)
Fair value, end of year	**$ 52,000**	**$ 45,021**
Funded status		
Plan surplus	$ 11,543	$ 8,782
Unamortized actuarial (gain)	(4,664)	(2,424)
Accrued pension asset	**$ 6,879**	**$ 6,358**

The significant actuarial assumptions adopted in measuring the accrued benefit obligations of Agricorp are as follows:

	2015 %	2014 %
Discount rate to determine accrued benefit obligation	6.5	6.5
Discount rate to determine benefit cost	6.5	6.5
Expected long term rate of return on plan assets	6.5	6.5
Rate of compensation increase	6.0	6.0

The net benefit plan expense is as follows:

(in thousands of dollars)	2015	2014
Current service cost	$ 2,369	$ 2,100
Interest cost	2,408	2,256
Expected return on plan assets	(2,982)	(2,497)
Amortization of unrecognized loss	(136)	38
Net benefit plan expense	**$ 1,659**	**$ 1,897**

The percentage of total fair value of plan assets by category is as follows:

Security type	2015 % of plan	2014 % of plan
Canadian equities	30.2	33.2
U.S. equities	17.2	15.3
International equities	16.8	15.3
Bonds	24.6	22.8
Real estate	6.2	8.8
Cash and cash equivalents	5.0	5.0
Total fund	**100.0**	**100.0**

An external investment advisor manages the investments held by the pension plan. Administration expenses on the statement of operations and fund balances include pension expense of $1.7 million.

The most recent pension plan actuarial valuation was as of January 1, 2014 and at that time, the plan had a going concern actuarial surplus of $7.4 million and had a solvency and wind up surplus of $2.5 million. These estimates are determined under the provisions of Section 76 of the *Regulations to the Pension Benefits Act*, 1990 (Ontario). The next actuarial valuation is expected to be completed as of January 1, 2017.

12. Commitments and contingencies

a) Commitments

Agricorp is committed to several leases for office space, weather data and sites, print services, mainframe support and operating leases for vehicles. The minimum aggregate costs for the unexpired terms of these leases are:

(in thousands of dollars)

2016	$ 2,876
2017	386
2018	176
2019	21
2020	–
Total	**$ 3,459**

b) Contingencies

During the normal course of business, certain claims or program payments may be denied by Agricorp. As a result, various claims or proceedings have been, or may be, initiated against Agricorp. The disposition of the matters that are pending or asserted is not expected by management to have a material effect on the financial position of Agricorp or on its results of operations.

13. Related party transactions

Agricorp has entered into several agreements to acquire services from OMAFRA. The cost for administrative, legal and internal auditing services amounted to $281,296 (2014 - $298,277). In addition, Agricorp rents its head office location from the Ontario Infrastructure and Lands Corporation for a total cost for the year of $1.6 million (2014 - $1.7 million). Agricorp earned revenue of $55.6 million (2014 - $62.7 million) from OMAFRA as their share of Production Insurance premium and operating funding.

14. Board remuneration and salary disclosure (in actual dollars)

Total remuneration to members of the Board of Directors was $47,806 (2014 - $36,333). The *Public Sector Salary Disclosure Act, 1996*, requires Agricorp to disclose employees paid an annual salary in excess of $100,000. The complete disclosure for Agricorp is included in the 'Public Sector Salary Disclosure 2015: Crown Agencies' listing on the Government of Ontario website:
http://www.fin.gov.on.ca/en/publications/salarydisclosure/pssd/orgs-tbs.php?organization=crown&year=2015

For the 2014 calendar year, the amounts paid to the five employees with the highest annual salaries are:

Name	Position	Salary	Taxable Benefits
Beifuss, Erich	Chief Financial Officer	$ 163,639	$ 606
Jackiw, Randy	Chief Executive Officer	184,356	12,263
LaRose, Doug	Chief Information Officer	185,848	688
Meneray, Debra	Senior Director, Program Delivery	146,520	557
Vlcek, Mike	Senior Director, Program Development	145,200	541

The taxable benefit for the Chief Executive Officer is comprised mainly of a taxable benefit for a vehicle, provided under the terms of his employment contract and is an "allowable special consideration" under the government directives.

15. Restructuring costs

In the 2013-14 fiscal year, Agricorp, as part of ongoing efforts to streamline operations and increase efficiency, incurred one-time costs of $2.2 million to reduce the workforce and to exit certain premises before the end of the lease term. These costs are comprised of $1.6 million in salaries and benefits and $0.6 million in facilities costs and are included in total administration costs (Note 16).

16. Administration

The following is a summary of the administration costs for the year:

(in thousands of dollars)	2015	2014
Salaries and benefits	$ 30,988	$ 35,866
Facilities	1,799	2,572
Amortization	1,527	2,488
Equipment and maintenance	2,615	2,353
Consulting and professional	1,389	2,142
Telephone and postage	997	1,072
Office	762	699
Vehicle and travel	616	588
Other	242	237
Total	**$ 40,935**	**$ 48,017**

AGRICULTURAL RESEARCH INSTITUTE OF ONTARIO

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Agricultural Research Institute of Ontario (ARIO) have been prepared in accordance with Canadian generally accepted accounting principles. Management is responsible for the accuracy, integrity, and objectivity of the information contained in the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's best judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. These financial statements have been prepared within reasonable limits of materiality with information available up to June 30, 2015.

In discharging its responsibility for the integrity of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained.

The financial statements have been examined by RLB LLP, independent external auditors appointed by the Ontario Ministry of Agriculture, Food and Rural Affairs on behalf of ARIO. The external auditors' responsibility is to express an opinion on whether the financial statements are presented fairly in accordance with generally accepted accounting principles. The Auditors' Report outlines the scope of their examination and opinion.

On behalf of management:

H. Harrison

Christine Primeau
Director of Research

Heather Harrison, CPA, CMA
Comptroller

rlb LLP
Chartered Accountants
and Business Advisors
People Count.

INDEPENDENT AUDITOR'S REPORT

To the members of: Agricultural Research Institute of Ontario

We have audited the accompanying financial statements of Agricultural Research Institute of Ontario, which comprise the statement of financial position as at March 31, 2015 and the statements of revenues and expenditures and changes in fund balances, remeasurement gains (losses) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of Agricultural Research Institute of Ontario as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

RLB LLP

Guelph, Ontario
June 15, 2015

Chartered Professional Accountants
Licensed Public Accountants

AGRICULTURAL RESEARCH INSTITUTE OF ONTARIO

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

	2015 (schedule 1)	2014
ASSETS		
CURRENT		
Cash	$ 10,734,631	$ 1,494,683
Investments	29,575,572	29,856,175
Accounts receivable	174,690	154,906
	40,484,893	31,505,764
CAPITAL ASSETS UNDER CONSTRUCTION	23,126,396	22,155,506
CAPITAL ASSETS (note 5)	58,372,649	59,059,056
	$ 121,983,938	$ 112,720,326
LIABILITIES		
CURRENT		
Accounts payable and accruals	$ 1,615,704	$ 1,736,885
Holdbacks payable	641,479	458,609
Unclaimed expenditures	3,314,244	5,798,706
Deferred revenue	283,091	381,091
	5,854,518	8,375,291
DEFERRED CAPITAL FUNDED CONTRIBUTIONS (note 6)	59,322,724	49,273,486
DEFERRED CAPITAL CONTRIBUTIONS (note 7)	30,181,643	32,188,072
	95,358,885	89,836,849
NET ASSETS		
FUND BALANCES	12,587,770	8,879,681
ACCUMULATED REMEASUREMENT GAINS (LOSSES)	0	(33,487)
CONTRIBUTED ASSETS (note 4)	14,037,283	14,037,283
	26,625,053	22,883,477
	$ 121,983,938	$ 112,720,326

AGRICULTURAL RESEARCH INSTITUTE OF ONTARIO

STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2015

	2015 (schedule 2)	2014
REVENUES		
Research		
Grants - provincial (note 9)	$ 1,850,000	$ 2,980,000
Grants - other	378,000	378,000
Intellectual property	1,384,318	1,117,877
	3,612,318	4,475,877
Property		
Grants - provincial - minor capital (note 9)	5,100,000	4,131,184
Rental income - provincial	837,787	834,302
Rental income - private industry	781,032	677,380
Transfer payments - payments in lieu of taxes (note 9)	750,000	750,000
Payments in lieu of taxes	210,069	187,754
Amortization of deferred capital contributions	2,457,191	2,394,158
	10,136,079	8,974,778
Other		
Investment income	474,381	207,631
	14,222,778	13,658,286
EXPENDITURES		
Research		
Research project\program	3,629,183	2,303,064
Intellectual property	1,048,144	708,370
	4,677,327	3,011,434
Property		
Payments in lieu of taxes	983,069	884,271
Minor capital	4,066,418	3,368,690
Operations and maintenance	769,204	733,495
Loss on disposal of capital asset	51,888	0
Amortization of capital assets	2,457,191	2,394,158
	8,327,770	7,380,614
Other	9,229	12,448
	13,014,326	10,404,496
EXCESS OF REVENUE OVER EXPENDITURES for the year	1,208,452	3,253,790
NET AMOUNT TRANSFERRED FROM (TO) UNCLAIMED EXPENDITURES	2,499,637	(2,916,379)
	3,708,089	337,411
FUND BALANCES, beginning of year	22,883,477	22,522,742
NET REMEASUREMENT GAINS for the year	33,487	23,324
FUND BALANCES, end of year	$ 26,625,053	$ 22,883,477

AGRICULTURAL RESEARCH INSTITUTE OF ONTARIO
STATEMENT OF REMEASUREMENT GAINS (LOSSES)
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
ACCUMULATED REMEASUREMENT LOSSES, beginning of year	$ (33,487)	$ (56,811)
Unrealized gains attributable to temporary investments	16,987	69,483
Amounts reclassified to the statement of operations:		
Realized gains (losses) on temporary investments	16,500	(46,159)
Net remeasurement gains for the year	33,487	23,324
ACCUMULATED REMEASUREMENT GAINS (LOSSES), end of year	$ 0	$ (33,487)

AGRICULTURAL RESEARCH INSTITUTE OF ONTARIO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	$ 1,208,452	$ 3,253,790
Items not requiring an outlay of cash		
Amortization	2,457,191	2,394,158
Completed project surplus transferred to unclaimed expenditures	15,175	0
Deferred capital contributions	(2,006,429)	(2,054,032)
Loss on disposal of capital	51,888	126,104
Net remeasurement gains	33,487	23,324
	1,759,764	3,743,344
Changes in non-cash working capital		
Accounts receivable	(19,784)	17,139
Investments	280,603	(17,528,675)
Accounts payable and accruals	(121,181)	216,859
Deferred capital funded contributions	10,049,238	12,210,090
Holdbacks payable	182,870	40,836
Deferred revenue	(98,000)	378,026
	12,033,510	(922,381)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to capital assets	0	(1,568,815)
Capital assets under construction	(2,793,562)	0
	(2,793,562)	(1,568,815)
NET INCREASE (DECREASE) IN CASH for the year	9,239,948	(2,491,196)
CASH, beginning of year	1,494,683	3,985,879
CASH, end of year	$ 10,734,631	$ 1,494,683

AGRICULTURAL RESEARCH INSTITUTE OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1. NATURE OF BUSINESS

The Agricultural Research Institute of Ontario (ARIO) is a non-profit corporate body reporting directly to the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). ARIO is a non-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes. It was created by the ARIO Act with specific responsibilities over the co-ordination and direction of agricultural research programs in Ontario. These programs relate to a broad range of commodities and disciplines, covering all aspects of the agri-food system.

Funding for programs supported by ARIO is available from various sources. The Ontario Government, through the Ministry of Agriculture, Food and Rural Affairs, is the primary source of funding. The Ontario Government also provides funding for open research programs. Under the ARIO Act, ARIO may accept grants and donations for research. Other funds usually come from commercial sources (such as agri-business, marketing boards, and producer associations) and can be either designated for specific projects or non-designated. In addition, ARIO reinvests royalties earned from Ministry funded research.

All receipts are held in trust by the Director of Research and are allocated in accordance with the terms of the funds.

The current research trust funds managed by the secretariat to ARIO are as follows:

- Agricultural Research Institute of Ontario (ARIO)
- New Directions Research Program (New Directions)
- Food Safety Research Program (Food Safety)
- Infrastructure

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs") and include the following significant accounting policies:

(a) BASIS OF ACCOUNTING

ARIO follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate research trust fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate research trust fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

AGRICULTURAL RESEARCH INSTITUTE OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) FINANCIAL INSTRUMENTS

Measurement of financial instruments
The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in the statement of remeasurement gains (losses).

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accruals, holdbacks payable, unclaimed expenditures, deferred capital funded contributions and deferred capital contributions.

The organization's financial assets measured at fair value include the investments.

Impairment
Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in the statement of revenues and expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenues and expenditures.

Transaction costs
The organization recognizes its transaction costs in expenditures in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(c) UNCLAIMED EXPENDITURES

Unclaimed expenditures are defined as the total approved budget for open research projects less expenses incurred to date.

(d) CAPITAL ASSETS

Capital assets are recorded at cost and are amortized using the following annual rates and method:

Buildings and components	- 25 to 40 years straight line

AGRICULTURAL RESEARCH INSTITUTE OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) IMPAIRMENT OF LONG LIVED ASSETS

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(f) DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions are amortized at the same rate as the buildings to which they relate.

(g) RESTRICTIONS ON THE EXPENDITURE OF FUNDS

The purpose, funding, terms and conditions and duration of each research trust fund are stipulated in the relevant Order-in-Council, memorandum of understanding or Ministry correspondence.

(h) USE OF ESTIMATES

The preparation of financial statements in accordance with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of management estimates and assumptions relate to the valuation of accounts payable and accruals and the useful life of capital assets. Actual results could differ from those estimates.

3. FINANCIAL INSTRUMENTS

(a) Fair value

For certain of ARIO's financial instruments, the carrying amounts of cash, accounts receivable and accounts payable and accruals, approximate fair value due to the short term maturity of these financial instruments.

PS3450, Financial Instruments - Disclosures requires disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data.

ARIO's financial instruments are all classified as Level 1 as at March 31, 2015 and 2014.

There were no transfers in or out of Level 1 for the years ended March 31, 2015 and 2014.

AGRICULTURAL RESEARCH INSTITUTE OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

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3. FINANCIAL INSTRUMENTS (continued)

(b) Associated risks

(i) Market price risk
Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of ARIO's financial instruments are carried at fair value with fair value changes recognized in the statement of remeasurement losses, all changes in market conditions will directly affect the increase (decrease) in accumulated remeasurement losses. Market price risk is managed by the Investment Manager through construction of a diversified portfolio of instruments traded on various markets and across various industries.

A 1% increase (decrease) in the value of the investments would increase (decrease) the asset value and the change in unrealized gains in investments by $295,756 (2014 - $298,562). The price of the investments is affected by changes in market values, foreign exchange rates and interest rates impacting the underlying financial instruments held within the individual investments managed by the Investment Manager.

(ii) Interest rate risk
Interest rate risk refers to the adverse consequences of interest rate changes on the Institute's cash flows, financial position and income. Interest rate changes have an indirect impact on the investment assets in ARIO. ARIO uses investment diversification to manage this risk.

(iii) Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

All of ARIO's fixed income securities are considered to be readily realizable as they can be quickly liquidated at amounts close to their fair value in order to meet liquidity requirements.

(iv) Foreign currency risk
Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. ARIO is not exposed to significant foreign currency risk.

(v) Credit risk
Credit risk is the risk that a customer or counterpart may be unable or unwilling to meet a commitment that it has entered into with ARIO. ARIO is not exposed to significant credit risk.

4. CONTRIBUTED ASSETS

Contributed assets of $14,037,283 (2014 - $14,037,283) are recorded in the Infrastructure Fund and represent the cost of the land transferred to ARIO from the Government of Ontario.

AGRICULTURAL RESEARCH INSTITUTE OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2015	Net 2014
Land:				
Simcoe railway line	$ 9,793	$ 0	$ 9,793	$ 9,793
Regional campuses	3,092,104	0	3,092,104	3,092,104
Research stations	10,967,029	0	10,967,029	10,967,029
	14,068,926	0	14,068,926	14,068,926
Buildings:				
Regional campuses	38,330,296	10,645,582	27,684,714	29,300,901
Research stations	23,860,583	7,241,574	16,619,009	15,689,229
	62,190,879	17,887,156	44,303,723	44,990,130
	$ 76,259,805	$ 17,887,156	$ 58,372,649	$ 59,059,056

As at March 6, 2007, the titles for capital assets (land and buildings) with a carrying value of approximately $60.9 million were transferred to AIRO from the Government of Ontario. Carrying value is being used as the transfer value since the transfer took place between non-arm's length parties, is non-monetary in nature and does not have commercial substance. As an agency of the Government of Ontario, AIRO reports these capital assets (and other assets and liabilities) in consolidation with the Ministry of Agriculture, Food and Rural Affairs on an annual basis.

During the year, capital additions with a carrying value of $0 (2014 - $1,200,000) were contributed to the organization by external stakeholders. Carrying value is determined as the cost of the contributed assets to the contributors which approximates fair value due to the relatively short period between the date of purchase by the contributor and the asset being contributed to the organization.

6. DEFERRED CAPITAL FUNDED CONTRIBUTIONS

Deferred capital contributions relating to construction of capital funded projects represents the amount of grants and other restricted funding received by AIRO for construction projects.

	2015	2014
Balance, beginning of the year	$ 49,273,486	$ 37,083,396
Less amortization for the year	(450,762)	(340,125)
Add contributions received for capital purposes	10,500,000	12,530,215
Balance, end of the year	$ 59,322,724	$ 49,273,486

The funding sources are as follows:

	2015	2014
Federal	$ 1,277,500	$ 1,312,500
Provincial	53,615,001	43,440,344
Industry	4,430,223	4,520,642
	$ 59,322,724	$ 49,273,486

AGRICULTURAL RESEARCH INSTITUTE OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of the net book value of the buildings transferred to ARIO from the Government of Ontario in 2007. The amortization of capital contributions is recorded as revenue in the statement of revenues and expenditures. The changes in the deferred capital contributions are as follows:

	2015	2014
Balance, beginning of the year	$ 32,188,072	$ 34,242,104
Less amortization for the year	(2,006,429)	(2,054,032)
Balance, end of the year	$ 30,181,643	$ 32,188,072

8. ARIO RESEARCH FUND

	Seed Royalty	Technology Royalty	Unpledged Equity	Total 2015	Total 2014
Revenue					
Intellectual property	$ 1,151,581	$ 232,737	$ 0	$ 1,384,318	$ 1,117,877
Investment income	64,966	75,915	0	140,881	100,876
	1,216,547	308,652	0	1,525,199	1,218,753
Expenses	1,023,050	34,323	0	1,057,373	720,818
Net surplus for the year	193,497	274,329	0	467,826	497,935
Fund balance, beginning of year	1,959,072	2,188,746	0	4,147,818	3,645,291
Remeasurement gains	3,119	3,689	0	6,808	4,592
Interfund transfers (note 10)	(450,000)	(450,000)	0	(900,000)	0
Fund balance, end of year	$ 1,705,688	$ 2,016,764	$ 0	$ 3,722,452	$ 4,147,818

9. GRANTS RECEIVED FROM THE PROVINCIAL GOVERNMENT

The following grants have been received from the Ontario Ministry of Agriculture, Food and Rural Affairs and successor ministries:

	2015	2014
New Directions Research Program	$ 1,350,000	$ 2,480,000
Food Safety Research Program	500,000	500,000
	1,850,000	2,980,000
Minor capital	5,100,000	4,500,000
Elora Livestock Environmental and Energy Complex	10,500,000	10,981,400
Payments in lieu of taxes	750,000	750,000
	$ 18,200,000	$ 19,211,400

AGRICULTURAL RESEARCH INSTITUTE OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

9. GRANTS RECEIVED FROM THE PROVINCIAL GOVERNMENT (continued)

The following Provincial Government capital transfer payment grants have been partially capitalized as Deferred Capital Funded Contributions and partially recognized as Revenues as follows:

	2015	2014
Minor capital		
Funding received	$ 5,100,000	$ 6,500,000
Capitalized - Deferred Capital Funding Contribution	-	(368,810)
Net revenue	$ 5,100,000	$ 6,131,190
Elora Livestock Environmental and Energy Complex		
Funding received	$ 10,300,000	$ 10,081,400
Capitalized - Deferred Capital Funding Contribution	(10,300,000)	(10,081,400)
Net revenue	$ -	$ -

10. INTERFUND TRANSFERS

During the year, ARIO allocated $500,000 from current ARIO research funds in order to fund a new initiative, the "Quebec-Ontario Cooperation for Agri-Food Research". Funds are available to approved projects under two priority areas: 1) Integrated pest management for economically important crops and 2) Optimizing water use in terms of quality and quantity in agricultural production and food production.

Algonquin Forestry Authority
Year ended March 31, 2015

Management's Responsibility for Financial Information

Management and the Board of Directors of the Algonquin Forestry Authority are responsible for the financial statements and all other information presented in this Annual Report. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and, where appropriate, include amounts based on Management's best estimates and judgements.

The Algonquin Forestry Authority is dedicated to the highest standards of integrity in its business. To safeguard the Authority's assets, the Authority has a sound and dynamic set of internal financial controls and procedures that balance benefits and costs. Management has developed and maintains financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information in accordance with the *Algonquin Forestry Authority Act*.

The Board of Directors ensures that Management fulfills its responsibilities for financial information and internal control. The Board of Directors meets regularly to oversee the financial activities of the Authority and at least annually to review the financial statements and the external auditors' report thereon, and recommends them to the Minister of Natural Resources and Forestry for approval.

The financial statements have been examined by the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the Auditor's examination and opinion.

Tim Doyle

Tim Doyle, CPA, CA
Treasurer

W. Leavey

Jeff W. Leavey
General Manager

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To the Members, Algonquin Forestry Authority
and to the Minister of Natural Resources and Forestry

I have audited the accompanying financial statements of the Algonquin Forestry Authority, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Algonquin Forestry Authority as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Toronto, Ontario
June 25, 2015

Susan Klein, CPA, CA, LPA
Assistant Auditor General

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ALGONQUIN FORESTRY AUTHORITY

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	$ 388,853	$ 1,032,342
Accounts receivable (note 2)	8,947,474	10,351,267
Inventories held for sale	170,446	324,938
Prepaid expenses	1,962	1,962
	9,508,735	11,710,509
Capital assets (note 3)	289,022	304,263
	$ 9,797,757	$ 12,014,772
Liabilities and Net Assets		
Current liabilities:		
Demand line of credit (note 13)	$ -	$ 1,000,000
Accounts payable and accrued liabilities	1,296,157	1,892,721
Contractors' performance holdbacks	66,301	94,609
Due to Consolidated Revenue Fund (note 14)	204,086	374,519
Deferred contributions (note 4)	-	146,069
	1,566,544	3,507,918
Obligation for employee future benefits (note 5)	419,508	398,779
Deferred capital contributions (note 6)	17,280	60,025
	2,003,332	3,966,722
Net assets:		
Restricted - Forest Renewal Fund (notes 7 and 9)	2,667,622	2,665,010
Invested in capital assets (note 8)	271,742	244,239
Unrestricted - General Fund	4,855,061	5,138,801
	7,794,425	8,048,050
	$ 9,797,757	$ 12,014,772

See accompanying notes to financial statements.

On behalf of the Board

David Stewart Director

Director

ALGONQUIN FORESTRY AUTHORITY

Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	General Fund	Forest Renewal Fund	2015 Total	2014 Total
Revenue:				
Product sales	$ 18,085,714	$ -	$ 18,085,714	$ 20,012,778
Forest renewal activity	-	1,513,839	1,513,839	1,583,053
Standing timber sales	301,731	-	301,731	186,238
Other (note 10)	1,809,950	256,945	2,066,895	2,612,522
	20,197,395	1,770,784	21,968,179	24,394,591
Expenses:				
Direct program costs	15,588,855	1,482,884	17,071,739	18,598,875
Crown timber stumpage charges	2,433,197	-	2,433,197	2,451,932
Public access road maintenance	615,211	-	615,211	428,567
Operations planning	294,770	-	294,770	146,745
Wood measurement	32,501	-	32,501	37,558
	18,964,534	1,482,884	20,447,418	21,663,677
Operating income	1,232,861	287,900	1,520,761	2,730,914
Administrative and other:				
Salaries and benefits	1,117,435	225,308	1,342,743	1,509,918
Amortization of capital assets	120,311	38,755	159,066	154,184
Office supplies and other	107,250	414	107,664	98,970
Office rent	43,531	12,135	55,666	55,360
Directors' allowances	39,376	-	39,376	53,560
Insurance	18,393	7,262	25,655	22,774
Staff travel and training	16,663	1,414	18,077	25,356
Public relations	14,784	-	14,784	22,006
Consulting, legal and miscellaneous	8,534	-	8,534	6,231
Interest and bank charges	2,821	-	2,821	7,031
	1,489,098	285,288	1,774,386	1,955,390
Excess (deficiency) of revenue over expenses before the undernoted	(256,237)	2,612	(253,625)	775,524
Workplace Safety and Insurance Board Appeals Tribunal settlement	-	-	-	308,876
Excess (deficiency) of revenue over expenses	$ (256,237)	$ 2,612	$ (253,625)	$ 1,084,400

See accompanying notes to financial statements.

ALGONQUIN FORESTRY AUTHORITY

Statements of Changes in Net Assets

Year ended March 31, 2015, with comparative information for 2014

2015	Invested in Capital Assets	Restricted - Forest Renewal Fund	Unrestricted - General Fund	Total
Balance, beginning of year	$ 244,239	$ 2,665,010	$ 5,138,801	$ 8,048,050
Excess (deficiency) of revenue over expenses (note 8)	(116,322)	2,612	(139,915)	(253,625)
Invested in capital assets (note 8)	143,825	-	(143,825)	-
Balance, end of year	$ 271,742	$ 2,667,622	$ 4,855,061	$ 7,794,425

2014	Invested in Capital Assets	Restricted - Forest Renewal Fund	Unrestricted - General Fund	Total
Balance, beginning of year	$ 218,867	$ 2,500,000	$ 4,244,783	$ 6,963,650
Excess (deficiency) of revenue over expenses (note 8)	(98,618)	165,010	1,018,008	1,084,400
Invested in capital assets (note 8)	123,990	-	(123,990)	-
Balance, end of year	$ 244,239	$ 2,665,010	$ 5,138,801	$ 8,048,050

See accompanying notes to financial statements.

ALGONQUIN FORESTRY AUTHORITY

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	$ (253,625)	$ 1,084,400
Adjustments for:		
Amortization of capital assets	159,066	154,184
Amortization of deferred capital contributions	(42,745)	(55,566)
Gain on sale of capital assets	(3,417)	(14,763)
Obligation for employee future benefits	20,729	(37,577)
	(119,992)	1,130,678
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	1,403,793	(2,807,772)
Decrease in inventories held for sale	154,492	51,292
(Decrease) increase in accounts payable and accrued liabilities	(596,564)	355,093
(Decrease) increase in contractors' performance holdbacks	(28,308)	18,678
Decrease in due to Consolidated Revenue Fund	(170,433)	(1,448)
Decrease in deferred contributions	(146,069)	(128,567)
	496,919	(1,382,046)
Cash flows from financing activities:		
Increase (decrease) in demand line of credit	(1,000,000)	1,000,000
Cash flows from capital activities:		
Acquisition of capital assets	(143,825)	(123,989)
Proceeds from sale of capital assets	3,417	14,763
	(140,408)	(109,226)
Decrease in cash	(643,489)	(491,272)
Cash, beginning of year	1,032,342	1,523,614
Cash, end of year	$ 388,853	$ 1,032,342

See accompanying notes to financial statements.

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements

Year ended March 31, 2015

Algonquin Forestry Authority (the "Authority") is a Crown Agency which was established by the Ontario Government on January 4, 1975 under the Algonquin Forestry Authority Act, 1974. The Authority is responsible for forest management in Algonquin Provincial Park and operates on a not-for-profit basis. The Authority is exempt from income taxes under the Income Tax Act.

1. Significant accounting policies:

(a) Basis of accounting:

The Authority's financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.

(b) Fund accounting:

The General Fund accounts for the Authority's revenue generating and administrative activities. The Forest Renewal Fund accounts for the forest management activities, including silvicultural work.

(c) Revenue recognition:

Revenue from product sales and forest renewal charges are recognized when the wood is delivered, and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed and determinable.

The Authority accounts for contributions, which include government grants, under the deferral method of accounting as follows:

> Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Grants relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.
>
> Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis and at rates corresponding to those of the related capital assets.

Other income is recognized when earned.

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements (continued)

Year ended March 31, 2015

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1. **Significant accounting policies:(continued)**

(d) Inventories held for sale:

Inventories held for sale, which consist of harvested wood not yet delivered to customers, are measured at the lower of cost and net realizable value with cost being determined on the first-in, first-out basis. Cost includes all acquisition costs incurred in bringing inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

(e) Capital assets:

Capital assets are stated at cost. Amortization is provided on the straight-line basis using the following annual rates:

Asset	Rate
Automotive equipment	25%
Portable steel structures	20%
Technical equipment	10%
Leasehold improvements	10%

The cost of bridges and access roads is amortized over the estimated number of operating seasons for which the bridges and roads are to be used, with a maximum amortization period of 10 years. Forest renewal assets are amortized on the same basis and at the same rates as the assets mentioned above.

(f) Financial instruments:

The Authority's financial assets and financial liabilities are accounted for as follows:

- Cash is subject to an insignificant risk of change in value so carrying value approximates fair value.
- Accounts receivable are recorded at amortized cost less any amount for valuation allowance. Valuation allowances are made to reflect accounts receivable at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exists. Changes in valuation allowances are recognized in the Statement of Operations.
- Accounts payable and accrued liabilities, Contractors' performance holdbacks and Due to Consolidated Revenue Fund are recorded at cost.

The Authority does not use derivative financial instruments.

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements (continued)

Year ended March 31, 2015

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1. Significant accounting policies:(continued)

(g) Employee future benefits:

The Authority provides termination benefits to qualifying employees. The Authority accrues its obligations under this benefit plan as the employees render the services necessary to earn the benefit.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

(h) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include determination of the allowance for doubtful accounts receivable. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

2. Accounts receivable:

	2015	2014
Trade	$ 7,301,588	$ 8,783,870
Other	1,683,800	1,605,311
	8,985,388	10,389,181
Less allowance for doubtful accounts	(37,914)	(37,914)
	$ 8,947,474	$ 10,351,267

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements (continued)

Year ended March 31, 2015

3. Capital assets:

2015	Cost	Accumulated amortization	Net book value
Bridges and access roads	$ 5,346,800	$ 5,346,800	$ -
Portable steel structures	681,278	606,977	74,301
Forest renewal assets	455,226	355,053	100,173
Automotive equipment	449,049	345,626	103,423
Technical equipment	199,564	192,774	6,790
Data processing equipment	149,267	149,267	-
Furniture and fixtures	83,358	83,358	-
Leasehold improvements	44,803	44,695	108
Trailers	18,386	14,159	4,227
	$ 7,427,731	$ 7,138,709	$ 289,022

2014	Cost	Accumulated amortization	Net book value
Bridges and access roads	$ 5,346,800	$ 5,346,800	$ -
Portable steel structures	681,278	558,890	122,388
Forest renewal assets	367,174	322,603	44,571
Automotive equipment	418,316	290,047	128,269
Technical equipment	199,564	191,071	8,493
Data processing equipment	149,267	149,267	-
Furniture and fixtures	83,358	83,358	-
Leasehold improvements	44,803	44,261	542
Trailers	13,690	13,690	-
	$ 7,304,250	$ 6,999,987	$ 304,263

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements (continued)

Year ended March 31, 2015

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4. Deferred contributions:

Deferred contributions represent unspent resources received from the Ministry of Natural Resources and Forestry in the current period and which relate to expenses of future periods. Changes in the deferred contributions balance are as follows:

		2015		2014
Public access road maintenance:				
Balance, beginning of year	$	146,069	$	274,636
Add: contributions received in the year		300,000		300,000
Less: amount spent in the year		(615,211)		(428,567)
Amounts not reimbursed by the Ministry of Natural Resources and Forestry		169,142		-
Balance, end of year	$	-	$	146,069

5. Employee future benefits:

(a) Multi-employer pension plan:

The Authority's full-time employees participate in the Public Service Pension Fund ("PSPF") which is a defined benefit pension plan for certain employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF, determines the Authority's annual payments to the PSPF. As the sponsor is responsible for ensuring that the pension fund is financially viable, any surpluses or unfunded liabilities arising from the statutory actuarial funding valuations are not assets or obligations of the Authority. The Authority's annual payments of $108,932 (2014 - $115,986) are included in salaries and benefits in the Statement of Operations.

(b) Termination benefits:

The Authority provides termination benefits to qualifying employees. All full-time employees qualify for a severance payment equal to one week of salary for each year of continuous service with the Authority, to a maximum of one-half of the employees' annual salary. The total obligation for vested severance payments amounts to $419,708 (2014 - $398,779) at year end.

(c) Non-pension post-retirement benefits:

The cost of other non-pension post-retirement benefits is the responsibility of the Province of Ontario, a related party, and accordingly is not accrued or included in the Statement of Operations.

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements (continued)

Year ended March 31, 2015

6. **Deferred capital contributions:**

Deferred capital contributions related to capital assets represent the unamortized amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as other revenue in the statement of operations.

		2015		2014
Balance, beginning of year	$	60,025	$	115,591
Less amounts amortized to revenue		(42,745)		(55,566)
Balance, end of year	$	17,280	$	60,025

7. **Forest renewal fund:**

Effective September 6, 2012, the Authority renewed its agreement with the Ministry of Natural Resources and Forestry, a related party, to perform forest management activities, including silvicultural work. Funding, on a cost recovery basis, for these activities is derived from stumpage charges levied under the Crown Forest Sustainability Act and grants from the Forestry Futures Fund. The term of the agreement commenced April 1, 2007 and expires March 31, 2027.

The agreement also requires the Authority to maintain a minimum balance of $1,500,000 in the Forest Renewal Fund.

8. **Invested in capital assets:**

(a) Investment in capital assets is calculated as follows:

		2015		2014
Capital assets		289,022		304,263
Amounts financed by:				
Deferred capital contributions		(17,280)		(60,025)
	$	271,742	$	244,238

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements (continued)

Year ended March 31, 2015

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8. Invested in capital assets (continued):

(b) Change in net assets invested in capital assets is calculated as follows:

		2015		2014
Deficiency of revenues over expenses:				
Amortization of deferred contributions related to capital assets	$	42,765	$	55,388
Amortization of capital assets		(158,887)		(154,199)
	$	(116,122)	$	(98,811)
Net change in investment in capital assets:				
Purchases of capital assets	$	145,828	$	123,888
Amounts funded by:				
Deferred capital contributions		–		–
	$	145,828	$	123,888

9. Interfund transfer:

The Board of Directors has approved, by resolution, that any loss incurred in the Forest Renewal Fund resulting from forest renewal activity expenses exceeding revenue, net of related capital asset amortization, during the year which cannot be funded by the Forest Renewal Fund without causing the Forest Renewal Fund balance to fall below $2,000,000 shall be funded by the General Fund. No amount has been transferred during the year (2014 - $Nil).

10. Road maintenance funding:

Included in General Fund Other Revenue is revenue of $1.08 million (2014 - $1.34 million) received by the Authority pursuant to an agreement with the Ontario Ministry of Natural Resources and Forestry. The purpose of the agreement is to provide the Authority with reimbursement of road construction and maintenance costs on eligible primary and secondary forest access roads where access to those roads is not limited to the forest industry. A portion of the Ministry funding was passed on to the Authority's customers through a rebate allocated on the basis of sales volumes. In fiscal year 2015, $304,000 (2014 - $572,000) was passed on to the Authority's customers and is netted in product sales in the statement of operations.

11. Remuneration of appointments:

Total remuneration of the Board members of the Authority was approximately $17,000 during the fiscal year (2014 - $23,000).

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements (continued)

Year ended March 31, 2015

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12. Financial risks and concentration of credit risk:

(a) Liquidity risks:

Liquidity risk is the risk that the Authority will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Authority manages its liquidity risk by monitoring its operating requirements. The Authority prepares budget and cash forecasts to ensure it has sufficient funds to fulfil its obligations. There has been no change to the risk exposures from 2014.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Authority is exposed to credit risk with respect to the accounts receivable. The Authority assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

13. Demand line of credit:

As part of its financial arrangements, the Authority has negotiated a line of credit in the amount of $1,500,000 with its banker. The line of credit is unsecured, due on demand and bears interest at the bank's prime rate minus .50%. As at March 31, 2015, no amount was outstanding under this facility (2014 - $1,000,000).

14. Due to Consolidated Revenue Fund:

Due to Consolidated Revenue Fund represents amounts owed by the Authority for Crown Stumpage charges incurred in the normal course of operations. Year-end balances are normally settled in full in the first quarter of the following year.

15. Adoption of new accounting policy:

The Authority adopted Public Sector Accounting Board Standard PS 3260 Liability for Contaminated Sites effective April 1, 2014. Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. The Authority adopted this standard on a retroactive basis and there were no adjustments as a result of the adoption of this standard.

Cancer Care Ontario
Action Cancer Ontario
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tel: 416.971.9800 **fax:** 416.971.6888 www.cancercare.on.ca

June 18, 2015

Management's Responsibility for Financial Information

Management and the Board of Directors are responsible for the financial statements and all other information presented in this financial statement. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and, where appropriate, include amounts based on management's best estimates and judgements.

Cancer Care Ontario is dedicated to the highest standards of integrity and patient care. To safeguard Cancer Care Ontario's assets, a sound and dynamic set of internal financial controls and procedures that balance benefits and costs has been established. Management has developed and maintains financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information. Internal audits are conducted to assess management systems and practices, and reports are issued to the Audit Finance Committee.

For the fiscal year ended March 31, 2015, Cancer Care Ontario's Board of Directors, through the Audit Finance Committee, was responsible for ensuring that management fulfilled its responsibilities for financial reporting and internal controls. The Committee meets regularly with management, the internal auditor and the Auditor General to satisfy itself that each group had properly discharged its respective responsibility, and to review the financial statements before recommending approval by the Board of Directors. The Auditor General had direct and full access to the Audit Finance Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of Cancer Care Ontario's financial reporting and the effectiveness of the system of internal controls.

The financial statements have been examined by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Auditor's Report outlines the scope of the Auditor's examination and opinion.

On behalf of Cancer Care Ontario Management,

Michael Sherar
Michael Sherar, PhD
President and CEO

Elham Roushani
Elham Roushani, BSc, CPA, CA
Vice President & Chief Financial Officer

Ontario
Cancer Care Ontario
Action Cancer Ontario

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To Cancer Care Ontario
and to the Minister of Health and Long-Term Care

I have audited the accompanying financial statements of Cancer Care Ontario, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in fund balances, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Cancer Care Ontario as at March 31, 2015 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Bonnie Lysyk

Toronto, Ontario
June 18, 2015

Bonnie Lysyk, MBA, CPA, CA, LPA
Auditor General

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Cancer Care Ontario

Statement of Financial Position

As at March 31, 2015

(in thousands of dollars)

	2015 $	2014 $
Assets		
Current assets		
Cash and cash equivalents (note 3)	73,769	75,124
Investments (note 4)	95,388	93,962
Receivables and prepaid expenses (note 5)	10,932	31,171
	180,089	200,257
Capital assets (note 6)	6,825	152,437
	186,914	352,694
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	126,813	144,931
Non-current liabilities		
Deferred contributions related to capital assets (note 8)	6,049	153,393
Post-employment benefits other than pension plan (note 9(b))	2,438	2,371
	8,487	155,764
Fund Balances		
Endowment (note 2)	1,088	1,288
Internally restricted (note 2)	670	1,012
Externally restricted (note 2)	1,731	1,749
General - unrestricted (note 2)	45,097	44,666
Invested in capital assets (note 10)	3,028	3,284
	51,614	51,999
	186,914	352,694

Commitments (note 15)

Contingencies (note 16)

Guarantees (note 17)

Approved by the Board of Directors

_______________ Director _______________ Director

The accompanying notes are an integral part of these financial statements.

Cancer Care Ontario

Statement of Operations

For the year ended March 31, 2015

(in thousands of dollars)

	Restricted		General		Total	
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Revenue						
Ministry of Health and Long-Term Care	-	-	1,720,943	1,479,491	1,720,943	1,479,491
Ministry of Health and Long-Term Care capital funding for Integrated Cancer Programs	-	-	33,181	7,569	33,181	7,569
Amortization of deferred contributions related to capital assets (note 8)	-	-	13,476	39,115	13,476	39,115
Other revenue (note 12)	2,665	1,915	4,567	5,634	7,232	7,549
Investment income (note 11)	17	18	2,584	2,730	2,601	2,748
	2,682	1,933	1,774,751	1,534,539	1,777,433	1,536,472
Expenses						
Chronic kidney disease services	-	-	612,557	577,497	612,557	577,497
Cancer and prevention related services	8	32	507,768	444,624	507,776	444,656
Provincial drug reimbursement program	-	-	319,171	280,682	319,171	280,682
Screening services	-	-	147,993	48,132	147,993	48,132
Salaries and benefits (note 9)	2,003	1,902	98,329	86,524	100,332	88,426
Capital contributions to cancer related services	-	-	32,904	12,897	32,904	12,897
Other operating expenses (note 13)	190	328	28,113	22,688	28,303	23,016
Amortization of capital assets	-	-	15,364	41,064	15,364	41,064
Purchased services	985	858	9,015	10,667	10,000	11,525
Clinical translational research	-	-	3,344	4,102	3,344	4,102
Net loss on disposal of capital assets	-	-	74	415	74	415
	3,186	3,120	1,774,632	1,529,292	1,777,818	1,532,412
Excess (deficiency) of revenue over expenses	(504)	(1,187)	119	5,247	(385)	4,060

The accompanying notes are an integral part of these financial statements.

Cancer Care Ontario

Statement of Changes in Fund Balances

For the year ended March 31, 2015

(in thousands of dollars)

	Restricted					2015	2014
	Endowment $	Internally $	Externally $	General unrestricted $	Invested in capital assets $	Total $	Total $
Fund balances - March 31, 2014	1,288	1,012	1,749	44,666	3,284	51,999	47,939
Excess (deficiency) of revenue over expenses	(200)	(282)	(22)	119	-	(385)	4,060
Net change in invested in capital assets (note 10)	-	-	-	256	(256)	-	-
Interfund transfers (note 14)	-	(60)	4	56	-	-	-
Fund balances - March 31, 2015	1,088	670	1,731	45,097	3,028	51,614	51,999

The accompanying notes are an integral part of these financial statements.

Cancer Care Ontario

Statement of Cash Flows

For the year ended March 31, 2015

(in thousands of dollars)

	2015 $	2014 $
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	(385)	4,060
Amortization of capital assets	15,364	41,064
Amortization of deferred contributions related to capital assets	(13,476)	(39,115)
Net loss on disposal of capital assets	74	415
Post-employment benefits expense other than pension plan	243	221
Post-employment benefits paid other than pension plan	(176)	(230)
Change in non-cash operating working capital		
Receivables and prepaid expenses	20,239	23,818
Accounts payable and accrued liabilities	(18,118)	(44,693)
	3,765	(14,460)
Capital activities		
Purchase of capital assets	(6,517)	(33,857)
Proceeds on disposal of capital assets	-	88
	(6,517)	(33,769)
Investing activities		
Proceeds from maturity of investments	93,078	102,096
Purchase of investments	(94,504)	(93,137)
	(1,426)	8,959
Financing activities		
Amounts received related to capital assets	2,823	23,230
Decrease in cash and cash equivalents during the year	(1,355)	(16,040)
Cash and cash equivalents - Beginning of year	75,124	91,164
Cash and cash equivalents - End of year	73,769	75,124

The accompanying notes are an integral part of these financial statements.

(in thousands of dollars)

1 Nature of operations

Cancer Care Ontario (the Organization) is the provincial government agency responsible for driving health system performance improvement for Ontario's cancer and chronic kidney disease health systems. The Organization also supports achievement of Ontario's Wait Time and Emergency Room/Alternate Level of Care Strategies through the collection and provision of information that enables the government to measure, manage and improve access quality and efficiency of care. With this mandate, the Organization is responsible for the funding to continually improve health system performance to ensure that patients receive the right care, at the right time, in the right place, at every step of their journey.

The Organization's role includes working with healthcare providers in every region across the province to plan services that will meet current and future patient needs; to support providers in delivering the highest-quality care aligned to evidence-based standards and guidelines; and to work with administrators, doctors and other care providers to improve system efficiency and effectiveness.

The Organization also leads the development and implementation of innovative payment models; implements provincial programs designed to raise screening participation rates; translates research and evidence into standards and guidelines; puts information into the hands of the provincial policy makers; and ensures Ontarians have cancer and renal care systems that are accountable, efficient and of the highest quality by measuring and reporting on the performance of services.

The Organization is primarily funded by the Province of Ontario through the Ministry of Health and Long-Term Care (MOHLTC). The Organization and the MOHLTC entered into a Memorandum of Understanding (MOU), effective December 2, 2009. It is mandated by the Agencies and Appointments Directive for all agencies to have a MOU as a mode of operation with the MOHLTC.

The Organization is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met. Members of the Board of Directors and Board Committees are volunteers who service without remuneration.

2 Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Public Sector Accounting Standards for government not-for-profit organizations as issued by the Public Sector Accounting Board.

Fund accounting

The Endowment Fund reports contributions subject to externally imposed stipulations specifying that the resources contributed be maintained permanently, unless specifically disendowed by the donor. Restricted investment income earned on Endowment Fund resources is recognized as revenue of the Externally Restricted Fund.

(in thousands of dollars)

The Internally Restricted Fund reports funds internally restricted by the Board of Directors for education, research or other special purposes.

The Externally Restricted Fund reports donations and grants which have restrictions placed on their use by the donor, primarily related to research. The Organization ensures, as part of its fiduciary responsibility, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

The General Fund accounts for the Organization's MOHLTC and other funded programs. This Fund reports unrestricted resources, all restricted grants from MOHLTC, and restricted grants from others for which the Organization has no corresponding restricted fund.

Contributions

The Organization follows the restricted fund method of accounting for its restricted contributions. Restricted contributions are recognized as revenue of the Restricted Fund if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured. Restricted contributions for which there is no corresponding Restricted Fund (including MOHLTC and other funded programs) are recognized as revenue in the General Fund using the deferral method.

Unrestricted contributions are recognized as revenue of the General Fund when the amount is reasonably estimable and collection is probable.

Unrestricted contributions received for the purpose of capital assets are recorded as deferred capital contributions related to capital assets and are amortized on the same basis as the related capital assets.

Contributions for endowment are recognized as revenue of the Endowment Fund in the year of receipt.

Cash and cash equivalents

The Organization considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents.

Financial instruments

Financial instruments are measured at fair value when acquired or issued. In subsequent periods, financial instruments (including investments) are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when there is objective evidence of impairment. When there has been a loss in value of investments that is other than a temporary decline, the investment is written down and the loss is recorded in the statement of operations. For receivables, when a loss is considered probable, the receivable is reflected at its estimated net recoverable amount, with the loss reported on the statement of operations. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items subsequently measured at fair value and charged to the financial instrument for those measured at amortized cost.

(in thousands of dollars)

Capital assets

Capital assets are recorded at cost, less accumulated amortization and accumulated impairment losses, if any. Third party and internal labour costs are capitalized under software in connection with the development of information technology projects.

All capital assets are amortized on a straight-line basis at rates based on the estimated useful lives of the assets.

Therapeutic and other technical equipment are amortized over periods ranging from 4 years to 9 years; office furniture and equipment are amortized over periods ranging from 3 years to 5 years; and leasehold improvements are amortized over the term of the leases. Software is amortized over periods ranging from 3 years to 4 years.

Land and buildings for four lodges donated by the Canadian Cancer Society - Ontario Division are recorded at nominal value, as the fair value was not reasonably determinable at the time of the donation.

When a capital asset no longer has any long-term service potential to the Organization, the differential of its net carrying amount and any residual value, is recognized as a gain or loss, as appropriate, in the statement of operations.

Expenses

Expenses are recorded on an accrual basis.

Pension benefits and post-employment benefits other than pension plan

i) Pension costs

The Organization accounts for its participation in the Healthcare of Ontario Pension Plan (HOOPP), a multi-employer defined benefit pension plan, as a defined contribution plan, as the Organization has insufficient information to apply defined benefit plan accounting. Therefore, the Organization's contributions are accounted for as if the plan were a defined contribution plan with the Organization's contributions being expensed in the period they come due.

ii) Post-employment benefits other than pension plan

The cost of post-employment benefits other than pension plan is actuarially determined using the projected benefit method pro-rated on services and expensed as employment services are rendered. Adjustments to these costs arising from changes in estimates and actuarial experience gains and losses are amortized over the estimated average remaining service life of the employee groups on a straight-line basis.

(in thousands of dollars)

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Items subject to such estimates and assumptions include the impairment assessment in the carrying amount of capital assets, amortization of capital assets and accruals and receivables related to drug expenditures. Actual results could differ from those estimates.

3 Cash and cash equivalents - restricted

Cash and cash equivalents include $417 (2014 - $416), which is restricted, as it relates to a pension plan that has been dissolved and is being held in escrow in the event that former members put forth a claim. These funds are subject to externally imposed restrictions and are not available for general use.

4 Investments

	2015 $	2014 $
Guaranteed investment certificates		
Interest at 1.85%, maturing September 5, 2015	23,870	-
Interest at 1.77%, redeemable on demand, maturing March 17, 2016	20,191	-
Interest at 1.80%, redeemable on demand, maturing September 5, 2015	10,103	-
Interest at 1.80%, redeemable on demand, maturing September 5, 2015	10,103	-
Interest at 1.90%, maturing October 2, 2015	10,636	-
Interest at 1.89%, maturing November 3, 2015	10,261	-
Interest at 1.90%, maturing January 7, 2016	10,224	-
Interest at 1.95%, maturing September 5, 2014	-	43,259
Interest at 1.70%, redeemed on May 7, 2014	-	20,142
Interest at 1.80%, maturing October 2, 2014	-	10,443
Interest at 1.80%, maturing October 30, 2014	-	10,076
Interest at 1.80%, maturing January 7, 2015	-	10,042
	95,388	93,962

5 Receivables and prepaid expenses

	2015 $	2014 $
Accounts receivable	7,990	13,138
Due from MOHLTC	1,140	16,100
Prepaid expenses	1,802	1,933
	10,932	31,171

(in thousands of dollars)

6 Capital assets

			2015
	Cost $	Accumulated amortization $	Net book value $
Therapeutic and other technical equipment	4,242	3,908	334
Office furniture and equipment	7,166	5,660	1,506
Leasehold improvements	5,052	4,194	858
Land and building	1	-	1
Software	31,786	27,660	4,126
	48,247	41,422	6,825

			2014
	Cost $	Accumulated amortization $	Net book value $
Therapeutic and other technical equipment	308,520	173,498	135,022
Office furniture and equipment	6,146	4,748	1,398
Leasehold improvements	4,415	4,148	267
Land and buildings	1	-	1
Software	51,352	35,603	15,749
	370,434	217,997	152,437

During the 2014/15 fiscal year, the Organization transferred ownership of the radiation treatment equipment and related software to the Integrated Cancer Program (ICP) Hospitals, where the equipment had been installed. The equipment was fully funded through a deferred capital grant, and thus the transfer of ownership was completed at net book value, with no proceeds being exchanged on transfer, resulting in no gain or loss being recorded by the Organization. The equipment had a cost of $326,889, and $190,198 in accumulated amortization at the time of transfer.

The cost of capital assets includes software under development of $746 (2014 - $997) and deposits for equipment and leasehold improvements of $766 (2014 - $24,280). Amortization of these amounts will commence when the asset is available for use.

Cancer Care Ontario

Notes to Financial Statements

March 31, 2015

(in thousands of dollars)

7 Accounts payable and accrued liabilities

	2015 $	2014 $
Trade payables	50,102	69,182
Accrued liabilities	68,160	53,724
Payable to MOHLTC	8,134	21,609
Pension escrow (note 3)	417	416
	126,813	144,931

8 Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized and unspent amount of funds received for the purchase of capital assets. The changes in the deferred contributions related to capital assets balance for the year are as follows:

	2015 $	2014 $
Balance – beginning of year	153,393	169,278
Amounts received related to capital assets	2,823	23,230
Amounts transferred to hospitals	(136,691)	-
Amounts recognized as revenue	(13,476)	(39,115)
Balance – end of year	6,049	153,393

The amounts transferred to hospitals relate to the transfer in ownerships of the radiation treatment equipment (note 6).

The balance of deferred capital contributions related to capital assets consists of the following:

	2015 $	2014 $
Unamortized capital contributions used to purchase capital assets	3,797	149,153
Unspent contributions	2,252	4,240
	6,049	153,393

Cancer Care Ontario

Notes to Financial Statements

March 31, 2015

(in thousands of dollars)

9 Pension benefits and post-employment benefits

a) Pension plan

Employees of the Organization are members of HOOPP, which is a multi-employer contributory defined benefit pension plan. HOOPP members receive benefits based on length of service and the average annualized earnings during the five consecutive years that provide the highest earnings prior to retirement, termination or death.

Contributions to HOOPP made during the year by the Organization on behalf of its employees amounted to $7,264 (2014 - $6,905) and are included in the pension expenses, which reflect all amounts owing for the year, in the statement of operations.

b) Post-employment benefits plan other than pension plan

Prior to January 1, 2006, the Organization offered non-pension, post-employment health and dental benefits to its active and retired employees. Effective January 1, 2006, the Organization offers non-pension, post-employment benefits only to its retired employees, who retired prior to January 1, 2006. Benefits paid during the year under this unfunded plan were $178 (2014 - $230). The actuarial valuation for the post-employment benefits other than pension plan is dated April 1, 2013 and has been extrapolated to March 31, 2015.

Information about the Organization's post-employment benefits other than pension plan is as follows:

	2015 $	2014 $
Accrued benefit obligation	3,605	3,388
Unamortized actuarial losses	(1,197)	(1,017)
Post-employment benefits other than pension plan	2,408	2,371

The movement in the employee future benefits liability during the year is as follows:

	2015 $	2014 $
Post-employment benefits other than pension plan - April 1, 2014	2,371	2,380
Expense related to post-retirement benefits	215	221
Funding contributions	(178)	(230)
Post-employment benefits other than pension plan - March 31, 2015	2,408	2,371

(in thousands of dollars)

	2015 $	2014 $
Interest cost	144	122
Amortization of experience losses	99	99
Total benefit expense	243	221

The actuarially determined present value of the accrued benefit obligation is measured using management's best estimates based on assumptions that reflect the most probable set of economic circumstances and planned courses of action as follows:

	2015	2014
Discount rate	3.31%	4.30%
Drug cost trend rate	7.0% in 2015 to 5% in 2018 and after	7.5% in 2014 to 5% in 2018 and after
Hospital, dental and other medical costs trend rate	4% per annum	4% per annum
Employee average remaining lifetime (years)	10.22	11.22

10 Invested in capital assets

	2015 $	2014 $
Capital assets	6,825	152,437
Amounts financed by deferred capital contributions (note 8)	(3,797)	(149,153)
	3,028	3,284

Change in net assets invested in capital assets is calculated as follows:

	2015 $	2014 $
Purchase of capital assets	6,517	33,857
Capital funding	(4,811)	(33,210)
Amortization of deferred contributions related to capital assets	13,476	39,115
Amortization of capital assets	(15,364)	(41,064)
Net book value of equipment transferrd to hospitals	(136,691)	-
Deferred contributions transferred to hospitals	136,691	-
Disposal of capital assets	(74)	(503)
	(256)	(1,805)

(in thousands of dollars)

11 Net investment income

Net investment income earned on the Endowment Fund resources in the amount of $17 (2014 - $18) is included in the Restricted Fund.

12 Other revenue

	2015 $	2014 $
General Fund		
Public Health Ontario	2,351	2,366
Canadian Partnership Against Cancer	1,056	95
Salary recovery	163	131
eHealth Ontario	3	1,355
Other income	994	1,687
	4,567	5,634
Restricted Fund		
Grants	2,665	1,915

13 Other operating expenses

	2015 $	2014 $
Restricted Fund		
Travel	80	119
Education and publications	35	71
General office	32	61
Equipment	31	49
Consulting services	12	27
Other expenses	-	1
	190	328
General Fund		
Equipment	6,383	5,537
General office	5,666	4,089
Occupancy costs	5,177	4,352
Consulting services	4,544	3,898
Education and publications	4,232	2,607
Travel	1,360	1,210
Professional fees	505	797
Other expenses	246	198
	28,113	22,688

(in thousands of dollars)

14 Interfund transfers

	2015 $	2014 $
Transfer to the General Fund from the Internally Restricted Fund	60	54
Transfer (from) to the General Fund (to) from the Externally Restricted Fund	(4)	17
	56	71

15 Commitments

a) The minimum rental payments for lease space and computer and office equipment under the terms of the operating leases are estimated as follows for the years ending March 31:

	$
2016	7,033
2017	5,808
2018	3,046
2019	232
2020	9
	16,128

b) The Organization has committed $3,031 (2014 - $5,087) for the purchase of equipment, which is net of deposits disclosed in note 6.

16 Contingencies

The Organization is a member of the Healthcare Insurance Reciprocal of Canada (HIROC), which was established by hospitals and other organizations to self-insure. If the aggregate premiums paid are not sufficient to cover claims, the Organization will be required to provide additional funding on a participatory basis.

Since the inception, HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and operating expenses may be entitled to receive distributions of their share of the unappropriated surplus at the time such distributions are declared by the Board of Directors of HIROC.

(in thousands of dollars)

17 Guarantees

a) Director/officer indemnification

The Organization's general by-laws contain an indemnification of its directors/officers, former directors/officers and other persons who have served on board committees against all costs incurred by them in connection with any action, suit or other proceeding in which they are sued as a result of their service, as well as all other costs sustained in or incurred by them in relation to their service. This indemnity excludes costs that are occasioned by the indemnified party's own dishonesty, wilful neglect or default.

The nature of the indemnification prevents the Organization from making a reasonable estimate of the maximum amount that it could be required to pay to counterparties. To offset any potential future payments, the Organization has purchased from HIROC directors' and officers' liability insurance to the maximum available coverage. The Organization has not made any payments under such indemnifications, and no amount has been accrued in the accompanying financial statements with respect to the contingent aspect of these indemnities.

b) Other indemnification agreements

In the normal course of its operations, the Organization executes agreements that provide for indemnification to third parties. These include, without limitation: indemnification of the landlords under the Organization's leases of premises; indemnification of the MOHLTC from claims, actions, suits or other proceedings based upon the actions or omissions of the representative groups of medical, radiation and gynaecology/oncology physicians under certain Alternate Funding Agreements; and indemnification of the Integrated Cancer Program host hospitals from claims, actions, costs, damages and expenses brought about as a result of any breach by the Organization of its obligations under the Cancer Program Integration Agreement and the related documentation.

While the terms of these indemnities vary based upon the underlying contract, they normally extend for the term of the contract. In most cases, the contract does not provide a limit on the maximum potential amount of indemnification, which prevents the Organization from making a reasonable estimate of its maximum potential exposure. The Organization has not made any payments under such indemnifications, and no amount has been accrued in the accompanying financial statements with respect to the contingent aspect of these indemnities.

18 Financial instruments

The Organization's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, and liquidity risk. There have been no significant changes from the previous year in the exposure to these risks or in methods used to measure these risks.

(in thousands of dollars)

Credit risk

Credit risk arises from cash and cash equivalents and investments held with financial institutions and credit exposures on outstanding receivables. Cash and cash equivalents and investments are held at major financial institutions that have high credit ratings assigned to them by credit-rating agencies minimizing any potential exposure to credit risk. The Organization assesses the credit quality of the counterparties, taking into account their financial position and other factors. It is management's opinion that the risk related to receivables is minimal as most of the receivables are from federal and provincial governments and organizations controlled by them.

The Organization's maximum exposure to credit risk related to accounts receivable at year-end was as follows:

	0 to 30 days $	31 to 60 days $	61 to 90 days $	91 + days $	Total $
Accounts receivable	7,475	182	29	304	7,990
Due from MOHLTC	1,140	-	-	-	1,140
Amount receivable	8,615	182	29	304	9,130

As there is no indication that the Organization will not be able to recover these receivables, an impairment allowance has not been recognized.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Organization currently is only exposed to interest rate risk from its investments. The Organization does not expect fluctuations in market interest rates to have a material impact on its financial performance and does not use derivative instruments. The Organization mitigates interest rate risk on its investments by purchasing guaranteed investment certificates with short-term maturities and demand features.

As at March 31, 2015, a 1% fluctuation in interest rates, with all other variables held constant, will approximately increase/decrease the value of investments by $482.

Liquidity risk

Liquidity risk is the risk the Organization will not be able to meet its cash flow obligations as they fall due. The Organization mitigates this risk by not incurring debt and monitoring cash activities and expected outflows through budgeting and maintaining investments that may be converted to cash in the near term if unexpected cash outflows arise. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

(in thousands of dollars)

	0 to 30 days $	31 to 60 days $	61 to 90 days $	91 + days $	Total $
Trade payables	50,095	49	(107)	65	50,102
Accrued liabilities	68,087	-	-	73	68,160
Payable to MOHLTC	8,134	-	-	-	8,134
Pension escrow	-	-	-	417	417
Amount payable	126,316	49	(107)	555	126,813

19 Comparative figures

Comparative figures have been reclassified to conform to the expense groupings adopted in the current year.

The Centennial Centre of Science and Technology

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SCIENCES
DE L'ONTARIO

September 17, 2015

Management's Responsibility for Financial Information

Management and the Board of Trustees of the Ontario Science Centre are responsible for the financial statements and all other information presented in the Annual Report. The financial statements have been prepared by Management in accordance with the Canadian public sector accounting standards, and, where appropriate, include amounts based on Management's best estimates and judgments.

The Ontario Science Centre is dedicated to the highest standards of integrity in its business. To safeguard assets, the Centre has a sound set of internal financial controls and procedures that balance benefits and costs. Management has developed and maintains financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information.

The Finance and Operations Committee and the Board of Trustees meet quarterly to oversee the financial activities of the Centre, including an annual review of the financial statements and the Auditor General's report. The Finance and Operations Committee recommends the financial statements to the Board of Trustees for approval. The financial statements have been approved by the Board of Trustees.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report that appears as part of the financial statements outlines the scope of the Auditor's examination and opinion.

Maurice Bitran, Ph.D.
Chief Executive Officer

Nancy Rowland
Chief Operating Officer

770 Don Mills Road, Toronto
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Un organisme du gouvernement de l'Ontario

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To the Board of Trustees of the Centennial Centre of Science and Technology and to the Minister of Tourism, Culture and Sport

I have audited the accompanying financial statements of the Centennial Centre of Science and Technology, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Centennial Centre of Science and Technology as at March 31, 2015 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Toronto, Ontario
September 17, 2015

Susan Klein, CPA, CA, LPA
Assistant Auditor General

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The Centennial Centre of Science and Technology

Statement of Financial Position
As at March 31, 2015

	2015 ($ 000)	2014 ($ 000)
ASSETS		
Current		
Cash	7,321	4,406
Accounts receivable	1,186	1,083
Prepaid expenses	1,070	1,283
Inventory of general stores	108	133
	9,685	6,905
Capital Assets (Note 5)	18,431	23,391
	28,116	30,296
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	3,117	2,162
Deferred revenue	3,447	2,717
Due to the Province of Ontario	876	1,064
Loan Payable to Ontario Financing Authority (Note 12)	500	500
	7,940	6,443
Long-Term Liabilities		
Obligation for Employee Future Benefits (Note 11(c))	4,125	4,142
Loan Payable to Ontario Financing Authority (Note 12)	500	1,000
	4,625	5,142
Deferred Capital Contributions (Note 6)	13,071	17,263
Deferred Concessionaire Revenue (Note 7)	36	250
Net Assets		
Invested in Capital Assets (Note 8)	5,360	6,128
Accumulated Deficit	(2,916)	(4,930)
	2,444	1,198
	28,116	30,296

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Centre:

Trustee

Trustee

The Centennial Centre of Science and Technology

Statement of Operations
For the Year Ended March 31, 2015

	2015 ($ 000)	2014 ($ 000)
Revenue		
Province of Ontario		
Operating grant	15,476	15,476
Occupancy grant (Note 14)	3,888	3,888
Other grants	78	223
Government of Canada grants	-	16
General Admission and Parking Fees	4,615	5,070
Revenue from Ancillary Operations (Schedule 1)	9,925	11,001
Corporate Donations – Agents of Change Project (Note 15)	137	159
	34,119	35,833
Expenses		
General Operations		
Exhibits and Programs	2,727	1,625
Marketing and Advertising	2,162	2,401
Visitor Services	3,192	3,231
Facility Operations	5,330	5,099
Program Management	3,503	3,510
Administration	4,010	3,979
Occupancy Costs (Note 14)	5,150	5,043
Expenses from Ancillary Operations (Schedule 1)	7,336	7,976
Agents of Change project (Note 15)	137	159
	33,547	33,023
Net income before amortization and undernoted item	572	2,810
Less:		
Amortization of Deferred Capital Contributions (Note 6)	5,544	5,925
Amortization Expense	(6,996)	(7,220)
	(1,452)	(1,295)
Net income (loss) before undernoted item	(880)	1,515
Add:		
Undernoted item – Forgiveness of Loan Payable to Province of Ontario	-	5,300
– One Time Operating Grant from Province of Ontario (Note 14) (Note 4)	800	-
– Gain on Sale of Rental Exhibit (Note 4)	1,326	-
	2,126	5,300
Net income for the year	1,246	6,815

The accompanying notes are an integral part of the financial statements.

The Centennial Centre of Science and Technology

Statement of Changes in Net Assets
For the Year Ended March 31, 2015

	2015 ($ 000)			2014 ($ 000)
	Invested in Capital Assets	Accumulated Deficit from Operations	Total	Total
Balance, beginning of year	6,128	(4,930)	1,198	(5,617)
Investment in capital assets	684	(684)	-	-
Net income (loss) for the year	(1,452)	2,698	1,246	6,815
Balance, end of year	5,360	(2,916)	2,444	1,198

The accompanying notes are an integral part of the financial statements.

The Centennial Centre of Science and Technology

Statement of Cash Flows
For the Year Ended March 31, 2015

	2015 ($ 000)	2014 ($ 000)
Cash Flows from Operating Activities		
Net income for the year	1,248	6,815
Adjustments for items not requiring an outlay of cash		
• Forgiveness of Loan Payable to Province of Ontario	-	(5,300)
• Gain on sale of capital assets	(1,326)	-
• Amortization of capital assets	6,898	7,220
• Amortization of deferred capital contribution	(5,448)	(5,925)
• Amortization of deferred concessionaire revenue	(214)	(214)
	1,158	2,596
Obligation for employee future benefits	(17)	(197)
Net change in non-cash working capital	1,632	(1,439)
Net cash provided by operating activities	2,773	960
Cash Flows used in Capital Activities		
Capital Assets acquisitions	(2,038)	(5,202)
Proceeds on sale of capital assets, net	1,328	-
Net cash used in capital activities	(710)	(5,202)
Cash Flows from Financing Activities		
Loan repayment – Ontario Financing Authority	(500)	(500)
Deferred capital contributions	1,352	1,866
Net cash generated from financing activities	852	1,366
Net change in cash for the year	2,915	(2,876)
Cash, beginning of year	4,406	7,282
Cash, end of year	7,321	4,406

The accompanying notes are an integral part of the financial statements.

The Centennial Centre of Science and Technology

Schedule of Revenue and Expenses from Ancillary Operations

For the Year Ended March 31, 2016 Schedule 1

	2016 ($ 000)			2015 ($ 000)		
	Revenue	Expenses	Net	Revenue	Expenses	Net
OMNIMAX® Theatre	1,354	1,205	149	1,462	1,426	36
International Sales and Rentals	1,466	1,640	(174)	1,345	1,510	(165)
Educational Programs & Admission	1,302	1,657	(355)	1,222	1,619	(397)
Recreation & Family Learning Experiences	988	767	221	971	797	174
Memberships	2,217	598	1,619	2,382	617	1,765
Concessions	519	95	424	522	117	405
Interest	119	-	119	151	-	151
Adult & Corporate Learning Experiences	554	421	133	543	325	218
Sponsorship/Donations	1,333	570	763	2,481	1,220	1,261
Program Support and Other Revenue	171	176	(5)	161	127	34
Bank & Service Fees	-	227	(227)	-	218	(218)
	10,023	7,356	2,667	11,240	7,976	3,264
Less: Federal and Provincial Programs	(78)	-	(78)	(239)	-	(239)
Totals	9,945	7,356	2,589	11,001	7,976	3,025

The accompanying notes are an integral part of the financial statements.

The Centennial Centre of Science and Technology

Notes to Financial Statements
March 31, 2015

---

1. Nature of the Business

The Centennial Centre of Science and Technology, commonly known as the Ontario Science Centre (the Centre), a government agency of the Province of Ontario, was incorporated without share capital pursuant to the *Centennial Centre of Science and Technology Act*. The objectives of the Centre are to:

a) maintain and operate a science centre and related facilities that will stimulate the interest of the public;

b) conduct a program of education in the origins, development and progress of science and technology, and their relationship to society;

c) depict the role of Ontario in the furtherance of science and technology; and

d) collect, manufacture, market, exhibit and sell objects and displays.

As an Ontario Crown agency, the Centre is exempted from federal and provincial income taxes.

2. Basis of Presentation

These financial statements are prepared in accordance with the Public Sector Accounting Standards, which constitutes generally accepted accounting principles for government not-for-profit organizations in Canada ("GAAP"). The Centre has chosen to use the standards for government not-for-profit organizations that include the 4200 series of the Public Sector Accounting Standards.

3. Significant Accounting Policies

The significant accounting policies followed to prepare these financial statements are summarized below:

(A) REVENUE RECOGNITION

Government grants are recognized on a monthly basis as they are used for their intended purposes.

Revenue from exhibits manufactured for sale is recognized on a percentage of completion basis.

Revenues from general admissions, parking and other ancillary operations are recognized when the services are provided.

Pledged donations, other than those designated for capital purposes, are recognized as revenue when funds are received.

(B) ALLOCATION OF EXPENSES

Expenses are reported in the Statement of Operations on a functional basis. The costs of each function include the salaries and benefits, supplies, and other expenses that are directly related to the function. The Centre also incurs general support expenses in the variety of activities it undertakes. These expenses are considered a function in their own right and are reported as Administration expenses.

The Centennial Centre of Science and Technology

Notes to Financial Statements
March 31, 2015

3. Significant Accounting Policies (Continued)

(C) DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the amount of donations and government grants received and used, or to be used to acquire capital assets that have not yet been recognized as revenue. Revenue is recognized over the same period as the expected life of the capital assets to which they relate.

(D) DEFERRED REVENUE

Deferred revenue is comprised mainly of deferred sponsorships, the unexpired portion of annual membership fees and deposits for future exhibit rentals. The Centre has also recorded deferred concessionaire fee revenues relating to an agreement described in note 7.

(E) CAPITAL ASSETS

Capital assets are recorded at cost less accumulated amortization. Amortization begins when capital assets are ready for use. Amortization is calculated using the straight-line method over the estimated useful lives of the assets as indicated below:

OMNIMAX® Theatre Leasehold Improvements	20 years
Leasehold Improvements	10 years
Exhibits	10 years
Exhibits – Rentals	4 or 5 years
Furniture, Fixtures and Equipment	5 years
Computers	3 years

The land on which the Centre is located is leased from the City of Toronto for $1 per annum on a 99-year lease, which commenced July 1, 1965. The Province owns the buildings, which house the Centre. For details of occupancy costs see note 14.

(F) INVENTORY

General stores inventory is valued at cost using the first-in, first-out (FIFO) method.

(G) FINANCIAL INSTRUMENTS

The Centre's financial instruments, which include cash, restricted cash, accounts receivable, and accounts payable and accrued liabilities, due to the Province of Ontario and loan payable to Ontario Financing Authority, are all valued at cost less any amount for valuation allowance. As cost approximates fair value given the short term nature of the maturities, no statement of remeasurement gains/losses is included.

The Centennial Centre of Science and Technology

Notes to Financial Statements
March 31, 2015

3. Significant Accounting Policies (Continued)

(H) USE OF ESTIMATES

The preparation of financial statements in accordance with the Public Sector Accounting Standards requires that management make estimates and assumptions that affect the reported amount of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions may change over time as new information is obtained or subsequent developments occur. Actual amounts could differ from these estimates. The items subject to the most significant estimates are amortization of capital assets, accrued liabilities and obligation for employee future benefits.

(I) EMPLOYEE BENEFITS

The costs of severance entitlements under the *Public Service of Ontario Act* and unused vacation entitlements earned by employees during the year are accrued for in the financial statements. The costs of any legislated severance are recognized when earned by eligible employees.

4. Risks Related to Financial Instruments

The risks related to the Centre's financial instruments are as follows:

Credit risk – The Centre's exposure to credit risk is minimal. The Centre determines on a continuing basis, the probable credit losses and sets up a provision for losses, if necessary, based on the estimated realizable value.

Below the accounts receivable aging is summarized:

				($ 000)
	Current	+60 Days	+90 Days	Total
General Accounts Receivable	595	-	-	595
Admissions	215	-	-	215
Facility Rental	9	-	-	9
International Sales	335	-	30	365
Employee payroll and travel advances	2	-	-	2
Totals	1,148	-	38	1,186

Currency risk – The Centre realizes approximately 2.29% (2014: 2.53%) of its total revenue in foreign currency. Consequently, some assets and revenues are exposed to foreign exchange fluctuations. Cash, accounts receivable and deferred revenue in US dollars are converted into Canadian dollars at year-end.

Liquidity risk – The Centre's exposure to liquidity risk is minimal as the Centre has a sufficient cash balance to settle all current financial liabilities. As of March 31, 2015, the Centre had liquid current assets of $8,615,000 (2014: $5,622,000) to settle current financial liabilities of $4,875,000 (2014: $3,791,000). During the year, the Centre's liquidity was improved by two non-recurring cash receipts totalling $2,126,000.

The Centennial Centre of Science and Technology

Notes to Financial Statements
March 31, 2015

5. Capital Assets

Capital assets consist of the following:

	2015 ($ 000) Cost	 Accumulated Amortization	 Net Book Value	2014 ($ 000) Net Book Value
Leasehold Improvements	34,913	27,383	7,530	9,648
Exhibits	28,283	20,213	8,070	10,425
OMNIMAX® Theatre Leasehold Improvements	15,331	14,478	853	1,662
Exhibits – Rentals	1,189	729	460	700
Furniture, Fixtures and Equipment	1,447	912	535	693
Computers	2,273	1,290	983	263
Total	83,436	65,005	18,431	23,391

Net carrying amounts of Capital Assets (work-in-progress) not being amortized as at March 31:

	2015 ($ 000)	2014 ($ 000)
Computers	174	248
Leasehold Improvements	762	-
Furniture, Fixtures and Equipment	71	-
Total	1,007	248

6. Deferred Capital Contributions

The changes in the deferred capital contributions balance are as follows:

	2015 ($ 000)	2014 ($ 000)
Balance, beginning of year	17,263	21,322
Net additions/transfers during year	1,352	1,866
Amortization of deferred capital contributions	(5,544)	(5,925)
	13,071	17,263

The ending balance of deferred capital contributions consists of the following:

	2015 ($ 000)	2014 ($ 000)
Agents of Change Project	3,289	6,520
Health and Safety Initiatives	7,405	7,854
Exhibits	1,520	1,359
OMNIMAX® Theatre	454	907
Exhibits – Rentals	403	623
	13,071	17,263

The Centennial Centre of Science and Technology

Notes to Financial Statements
March 31, 2015

7. Deferred Concessionaire Revenue

The Centre entered into an agreement in January 2009 with the food services concessionaire, Compass Group Canada Ltd. Under the terms of this agreement, it received an upfront payment of $1,500,000 on June 1, 2009 in exchange for reduced food services concession fee revenues over the term of the agreement. The $1,500,000 was spent on food service area renovations at the Centre and will be recognized as concessions revenue evenly over the term of the agreement to May 31, 2016. Up to March 31, 2015, the Centre has recognized $1,250,000 as concessionaire revenue. The remainder has been deferred and the current portion of $214,000 is included in accounts payable and accrued liabilities and the long-term portion of $36,000 is included in deferred revenue:

	($ 000)
2015/16	214
2016/17	36
	250

8. Invested in Capital Assets

Invested in capital assets represents the following:

	2015 ($ 000)	2014 ($ 000)
Capital assets, net	18,431	23,391
Less amount financed by deferred capital contributions	(13,071)	(17,263)
	5,360	6,128

9. Property Maintenance and Repairs

Certain major maintenance and repair expenses of the Centre are absorbed by the Province of Ontario, through Ontario Infrastructure and Lands Corporation, and are not included in the Statement of Operations.

10. Economic Dependence

The Centre is dependent on the Province of Ontario for financial assistance to cover some of the cost of operations.

The Centennial Centre of Science and Technology

Notes to Financial Statements
March 31, 2015

11. Employee Benefits

(A) PENSION BENEFITS

The Centre's full-time employees participate in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU-PF), which are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU-PF, determines the Centre's annual payments to the funds. As the sponsors are responsible for ensuring that the pension funds are financially viable, any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the Centre.

The Centre's annual payment of $1,311,172 for the current year (2014: $1,376,000), is included in salaries and employee benefit costs allocated to various expense categories in the Statement of Operations. See also note 14.

(B) POST-EMPLOYMENT NON-PENSION BENEFITS

The cost of post-employment non-pension benefits are paid by the Ministry of Government Services and are not included in the Statement of Operations.

(C) EMPLOYEE FUTURE BENEFITS

During the year, the obligation was reduced by $17,000 (2014: $196,000). The liability calculated using the projected benefit method and the following assumptions approximates $4,125,000 (2014: $4,142,000). The assumptions used for wage and salary escalation was 1.92% (2014: 1.92%), the discount factor used was 0.80 (2014: 0.79) and the estimated average years to retirement was 10.56 years (2014: 11.50 years).

12. Loan from the Ontario Financing Authority

In 2005/06, the Ontario Financing Authority (OFA) lent the Centre $10,000,000, at short-term interest rates determined by the OFA and payable quarterly. The Centre had repaid $9,000,000 of the principal loan balance by March 31, 2015. The remaining balance is to be repaid as follows:

	($ 000)
2015/16	500
2016/17	500
	1,000

The Centennial Centre of Science and Technology

Notes to Financial Statements
March 31, 2015

13. Breakdown of Expenses

Expenses are reported in the Statement of Operations on a functional basis. Total expenses by type are as follows:

	2015 ($ 000)	2014 ($ 000)
Salaries and Benefits	20,367	19,222
Other Direct Operating Expenses	13,180	13,801
	33,547	33,023

14. Commitments and Contingency

(A) OCCUPANCY COST

The Province, through Ontario Infrastructure and Lands Corporation, charges the Centre an accommodation fee for occupying its facilities. The fee covers rent, taxes, maintenance and certain operating costs. The lease is being renewed on a year-to-year basis until a new agreement is reached between the Centre and the Province. The minimum lease payment for the coming year is $4,713,000. The Centre received a grant of $3,888,000 and a one-time special grant of $800,000 from the Ministry of Tourism, Culture and Sport to fund a portion of this expenditure.

(B) EXHIBITS AND SERVICES

The Centre has committed to the rental of several exhibits which have contracts spanning over multiple fiscal years. Additionally, the Centre has entered into contracts for various maintenance and utility services. Total committed costs relating to exhibit rentals and maintenance contracts for the next five fiscal years are as follows;

	($ 000)
2015/16	2,858
2016/17	1,274
2017/18	311
2018/19	74
2019/20	74

The Centennial Centre of Science and Technology

Notes to Financial Statements
March 31, 2015

15. Pledges for Agents of Change Project

In 2001 the Centre embarked on a capital project called Agents of Change, which focuses on innovation and has renewed about one quarter of the Centre's public space, including the creation of seven new Experience Areas. Up to March 31, 2015, the Centre has received approximately $45,485,000 of contributions, $16,500,000 of which was received from the Government of Ontario and the remainder from private sector companies or individuals.

Amounts pledged but not yet received from the private sector have not been recognized as revenue, deferred revenue or deferred capital contributions as of March 31, 2015 and are as follows:

	($ 000)
2015/16	485
2016/17	485
2017/18	485
2018/19	480
	1,935

16. Pledges/Sponsorship Commitments

The Centre is active in obtaining sponsorships and donations from the private sector to support new projects, experiences and operations.

Amounts pledged but not yet due or received from the private sector have not been recognized as revenue, deferred revenue or deferred capital contributions as of March 31, 2015 and are as follows:

	($ 000)
2015/16	420
2016/17	415
2017/18	350
2018/19	300
2019/20	300
	1,785

17. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's method of presentation.

**Education Quality and
Accountability Office**
EQAO

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Web site: www.eqao.com

MANAGEMENT REPORT
Management's Responsibility for Financial Reporting

The accompanying financial statements of the Education Quality and Accountability Office (EQAO) for the year ended March 31, 2015, are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards. The significant accounting policies followed by EQAO are described in the summary of Significant Accounting Policies contained in Note 1 of the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been prepared within reasonable limits of materiality and in light of information available up to June 11, 2015.

Management maintained a system of internal controls designed to provide reasonable assurance that the assets were safeguarded and that reliable information was available on a timely basis. The system included formal policies and procedures and an organizational structure that provided for the appropriate delegation of authority and segregation of responsibilities.

These financial statements have been examined by KPMG LLP, a firm of independent external auditors appointed by EQAO's Board of Directors. The external auditors' responsibility is to express their opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Auditor's Report, which follows, outlines the scope of their examination and their opinion.

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE
On behalf of management,

Bruce Rodrigues

Bruce Rodrigues
Chief Executive Officer

Tony Saini
Director, Corporate and Public Affairs

Toronto, Canada
June 11, 2015

KPMG

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Education Quality and Accountability Office

We have audited the accompanying financial statements of the Education Quality and Accountability Office, which comprise the statement of financial position as at March 31, 2015, the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Education Quality and Accountability Office as at March 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 11, 2015
Toronto, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Financial Assets		
Current assets:		
Cash	$ 1,010,068	$ 2,465,219
Cash - board restricted fund (note 2(b))	5,571,796	7,519,706
Accounts receivable (note 3)	1,297,817	509,291
	7,879,681	10,494,216
Financial Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	1,602,465	1,699,144
Net financial assets	6,277,216	8,795,072
Non-Financial Assets		
Prepaid expenses (note 4)	1,004,486	779,608
Tangible capital assets (note 5)	3,295,290	856,098
	4,299,776	1,635,706
Accumulated surplus	$ 10,576,992	$ 10,430,778

See accompanying notes to financial statements.

On behalf of the Board:

Dave Cooke Chair

Bruce Rodrigues Chief Executive Officer

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Statement of Operations and Accumulated Surplus

Year ended March 31, 2015, with comparative information for 2014

	2015 Budget (note 10)	2015 Actual	2014 Actual
Revenue:			
Ministry of Education:			
Base allocation payments	$ 36,252,677	$ 32,133,580	$ 32,077,100
Other	–	585,128	585,322
	36,252,677	32,718,708	32,662,422
Expenses:			
Service and rental	20,475,510	17,509,674	17,214,265
Salaries and wages	12,233,673	11,700,123	12,033,560
Transportation and communication	2,814,342	2,625,810	2,970,677
Supplies and equipment	729,152	736,887	783,849
	36,252,677	32,572,494	33,002,351
Annual surplus (deficit)	–	146,214	(339,929)
Accumulated surplus, beginning of year	10,430,779	10,430,779	10,770,708
Accumulated surplus, end of year	$ 10,430,779	$ 10,576,993	$ 10,430,779
Accumulated surplus comprises:			
Externally restricted		$ 5,005,195	$ 2,911,072
Internally restricted (note 2(b))		5,571,798	7,519,707
		$ 10,576,993	$ 10,430,779

See accompanying notes to financial statements.

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Statement of Changes in Net Financial Assets

Year ended March 31, 2015, with comparative information for 2014

	2015 Budget (note 10)	2015 Actual	2014 Actual
Annual surplus (deficit)	$ –	$ 146,214	$ (338,928)
Acquisition of tangible capital assets	–	(2,914,353)	(878,797)
Amortization of tangible capital assets	332,221	475,161	332,221
	332,221	(2,439,192)	(546,576)
Acquisition of prepaid expenses	–	(1,004,488)	(779,609)
Use of prepaid expenses	–	779,609	792,311
	–	(224,879)	12,702
Increase (decrease) in net financial assets	332,221	(2,517,856)	(871,800)
Net financial assets, beginning of year	8,795,072	8,795,072	9,666,872
Net financial assets, end of year	$ 9,127,293	$ 6,277,216	$ 8,795,072

See accompanying notes to financial statements.

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ 146,214	$ (339,929)
Amortization of tangible capital assets which does not affect cash	475,161	332,221
	621,375	(7,708)
Change in non-cash operating working capital:		
Accounts receivable	(788,526)	917,411
Accounts payable and accrued liabilities	(96,679)	(233,192)
Prepaid expenses	(224,878)	12,703
	(488,708)	689,214
Financing activities:		
Acquisition of tangible capital assets	(2,914,353)	(876,795)
Investing activities:		
Change to board restricted fund	1,947,910	(75,686)
Decrease in cash	(1,455,151)	(263,267)
Cash, beginning of year	2,465,219	2,728,486
Cash, end of year	$ 1,010,068	$ 2,465,219

See accompanying notes to financial statements.

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Notes to Financial Statements

Year ended March 31, 2015

The Education Quality and Accountability Office (the "Agency") was established by the Province of Ontario by the EQAO Act, June 1996. The Agency was created to assure greater accountability and to contribute to the enhancement of the quality of education in Ontario. This is done through assessments and reviews based on objective, reliable and relevant information, and the timely public release of that information along with recommendations for system improvement.

1. Significant accounting policies:

These financial statements, which have been prepared in accordance with Canadian public sector accounting standards, as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada ("CPA Canada") and, where applicable, the recommendations of the Accounting Standards Board of CPA Canada, reflect the accounting policies set out below:

(a) Revenue recognition:

The Agency is funded by the Ministry of Education in accordance with established budget arrangements. The Agency receives base allocation payments in accordance with the fiscal year's approved budget. These transfer payments are recognized in the financial statements in the year in which the transfer is authorized and all eligibility criteria have been met, except when a transfer gives rise to a liability.

Other revenue is recognized at the time the service is rendered.

(b) Tangible capital assets:

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3 to 10 years
Furniture and fixtures	5 years

For assets acquired or brought into use during the year, amortization is calculated from the month following that in which additions come into operation.

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Notes to Financial Statements (continued)

Year ended March 31, 2015

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1. Significant accounting policies (continued):

The Agency considers the carrying value of tangible capital assets when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the Agency expects an asset to generate cash flows less than the asset's carrying value, at the lowest level of identifiable cash flows, the Agency recognizes a loss for the difference between the asset's carrying value and its fair value.

(c) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Such estimates include providing for amortization of capital assets. Actual results could differ from those estimates.

2. Accumulated surplus:

(a) Externally restricted accumulated surplus:

The Agency receives base allocation payments in accordance with the year's approved budget. Actual expenses incurred in the year could differ from the budgeted amounts. The difference between base allocation payments received and actual expenses incurred are tracked separately as externally restricted accumulated surplus.

(b) Internally restricted accumulated surplus:

A board restricted fund was established by a Board of Directors' ("Board") resolution for the purpose of examining assessment processes and researching emerging methodologies in large scale assessment in order to maintain Ontario's high quality assessment programs as best of class. The fund is currently invested in a Royal Bank of Canada current account. The Agency has the authority to retain any revenue that is not provincial funding according to the EQAO Act, the Agency Establishment and Accountability Directive and the Financial Administration Act.

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Notes to Financial Statements (continued)

Year ended March 31, 2015

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2. Accumulated surplus (continued):

	2015	2014
Balance, beginning of year	$ 7,519,706	$ 7,444,020
Appropriation of other income	462,114	458,000
Interest income earned on funds	122,384	126,064
Cost associated with fee-based administration (note 8)	(46,032)	(43,381)
Costs associated to IT strategy	(2,486,376)	(464,997)
Balance, end of year	$ 5,571,796	$ 7,519,706

In the prior year, the Board approved a motion to fully restrict the internally restricted accumulated surplus for the Board-approved IT strategy.

3. Accounts receivable:

Included in accounts receivable is a transfer payment in the amount of $851,490 (2014 - nil) due from the Ministry of Education.

4. Prepaid expenses:

Prepaid expenses are paid in cash and recorded as assets before they are used or consumed. As at year end, the balance is made up of the following amounts:

	2015	2014
Prepaid expenses	$ 322,308	$ 91,884
Prepaid secondees	682,178	687,724
	$ 1,004,486	$ 779,608

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Notes to Financial Statements (continued)

Year ended March 31, 2015

5. Tangible capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	$ 5,439,732	$ 2,203,202	$ 3,236,530	$ 836,643
Furniture and fixtures	317,536	258,776	58,760	19,455
	$ 5,757,268	$ 2,461,978	$ 3,295,290	$ 856,098

Amortization of tangible capital assets recorded in the current year amounts to $475,161 (2014 - $332,221).

In 2014, there was a balance of $282,985 for computer software under development relating to the Event Management System ("EMS"). As the software was ready for use in October 2014, the assets related to EMS software are classified under computer equipment.

6. Lease commitments:

The Agency leases premises under a long-term lease that expires on December 31, 2017. Under the terms of the lease, the Agency is required to pay an annual base rent, which is predetermined based on square footage rates plus operating and maintenance charges. Future minimum annual scheduled payments are as follows:

2016	$ 1,147,624
2017	989,279
2018	503,519
	$ 2,640,422

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Notes to Financial Statements (continued)

Year ended March 31, 2015

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7. Financial instruments:

The Agency's financial instruments consist of cash, board restricted fund, accounts receivable and accounts payable and accrued liabilities. Financial instruments are recorded at fair value on initial recognition. The fair values of these financial instruments approximate their carrying values due to their short-term nature.

It is management's opinion that the Agency is not exposed to significant interest, currency or credit risk arising from these financial instruments.

8. Allocation of expenses:

Incremental administration expenses are allocated to fee-based administration revenue. Expenses are allocated proportionately based on the number of individual student assessments administered.

9. Liquidity risk:

Liquidity risk is the risk that the Agency will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Agency manages its liquidity risk by monitoring its operating requirements. The Agency prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have been no significant changes to the liquidity risk exposure from 2014.

10. Budget:

The budget information has been derived from the budget approved by the Board.

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cyberSanté Ontario

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Site Web: www.ehealthontario.on.ca

June 25, 2015

The accompanying financial statements of eHealth Ontario are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards. The preparation of financial statements necessarily involves the use of estimates and assumptions based on management's judgement that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to June 25, 2015.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors of eHealth Ontario is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board generally meets periodically with management to satisfy itself that such responsibilities have been fulfilled.

The financial statements for the year ended March 31, 2015 have been audited by Ernst & Young LLP ("E&Y"). E&Y's responsibility is to express an opinion on whether the financial statements present fairly, in all material respects, the financial position of eHealth Ontario as at March 31, 2015 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards. The Auditors' Report dated June 25, 2015 outlines the scope of E&Y's examination and opinion on the financial statements.

On behalf of management,

CMorton
Cynthia Morton
Chief Executive Officer

Allan Gunn
Chief Administrative Officer / Chief Financial Officer (Acting)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
eHealth Ontario

We have audited the accompanying financial statements of **eHealth Ontario**, which comprise the statement of financial position as at March 31, 2015 and the statement of operations and changes in net deficiency and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **eHealth Ontario** as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 25, 2015

eHealth Ontario

STATEMENT OF FINANCIAL POSITION

[in thousands of dollars]

As at March 31

	2015 $	2014 $
ASSETS		
Current		
Cash	18,869	19,995
Prepaid expenses	7,279	10,526
Due from Ministry of Health and Long-Term Care *[note 3[b]]*	27,240	6,411
HST and other receivables	5,326	8,673
Total current assets	58,714	47,605
Capital assets, net *[note 4]*	70,033	62,792
Prepaid expenses	1,206	1,040
	129,953	111,437
LIABILITIES AND NET DEFICIENCY		
Current		
Accounts payable and accrued liabilities *[note 6 [a]]*	75,727	38,936
Due to Ministry of Health and Long-Term Care *[note 3[a]]*	—	9,709
Total current liabilities	75,727	48,645
Deferred capital contributions *[note 5]*	70,033	62,792
Total liabilities	145,760	111,437
Commitments and contingencies *[note 6]*		
Net deficiency *[note 1]*	(15,807)	—
	129,953	111,437

See accompanying notes

On behalf of the Board

CMorton

Cynthia Morton
Chief Executive Officer

Raymond V. Hession
Chair of the Board of Directors

eHealth Ontario

STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIENCY

[in thousands of dollars]

Year ended March 31

	2015 $	2014 $
REVENUE		
Government grants *[note 3[a]]*	[illegible]	[illegible]
Amortization of deferred capital contributions *[note 5]*	[illegible]	[illegible]
	[illegible]	[illegible]
EXPENSES *[note 7]*		
Core business	[illegible]	[illegible]
Technology services	[illegible]	[illegible]
Corporate functions and shared services	[illegible]	[illegible]
	[illegible]	[illegible]
Amortization of capital assets *[note 4]*	[illegible]	[illegible]
	[illegible]	[illegible]
(Deficiency) excess of revenue over expenses for the year *[note 1]*	[illegible]	—
Net deficiency, beginning of year	—	—
Net deficiency, end of year	[illegible]	—

See accompanying notes

eHealth Ontario

STATEMENT OF CASH FLOWS

[in thousands of dollars]

Year ended March 31

	2015 $	2014 $
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses for the year	[illegible]	—
Add (deduct) items not involving cash		
Amortization of deferred capital contributions	[illegible]	[illegible]
Amortization of capital assets	[illegible]	[illegible]
Changes in non-cash working capital balances related to operations		
Prepaid expenses	[illegible]	[illegible]
HST and other receivables	[illegible]	[illegible]
Accounts payable and accrued liabilities *[note 9]*	[illegible]	[illegible]
Due to/from Ministry of Health and Long-Term Care	[illegible]	[illegible]
Cash used in operating activities	[illegible]	[illegible]
INVESTING ACTIVITIES		
Purchase of capital assets *[note 9]*	[illegible]	[illegible]
Cash used in investing activities	[illegible]	[illegible]
FINANCING ACTIVITIES		
Contributions used to fund capital assets	[illegible]	[illegible]
Cash provided by financing activities	[illegible]	[illegible]
Net decrease in cash during the year	[illegible]	[illegible]
Cash, beginning of year	[illegible]	[illegible]
Cash, end of year	[illegible]	[illegible]

See accompanying notes

eHealth Ontario

NOTES TO FINANCIAL STATEMENTS

[in thousands of dollars]

March 31, 2017

1. NATURE OF OPERATIONS

eHealth Ontario is designated as an operational service agency established under the Ontario Regulation made under the Development Corporations Act (O. Reg. 43/02). Subsection 2(1) of O. Reg. 43/02 provides that eHealth Ontario is, for all purposes, an agency of Her Majesty within the meaning of the Crown Agency Act and its powers may be exercised only as an agency of Her Majesty. Subsection 6(1) of O. Reg. 43/02 provides that the Board of Directors is composed of the members appointed by the Lieutenant Governor in Council on the recommendation of the Minister of Health and Long-Term Care. The Lieutenant Governor in Council can appoint up to 12 members to eHealth Ontario's Board of Directors. Pursuant to subsection 7(1) of O. Reg. 43/02 and subject to any directions given by the Minister of Health and Long-Term Care under section 4, the affairs of eHealth Ontario are under the management and control of the Board of Directors. Subsection 9(1) of O. Reg. 43/02 provides that the Chief Executive Officer of eHealth Ontario be appointed by the Lieutenant Governor in Council.

The objectives of eHealth Ontario are as follows:

(a) to provide eHealth Ontario services and related support for the effective and efficient planning, management and delivery of health care in Ontario;
(b) to develop eHealth Ontario services strategy and operational policy; and
(c) to protect the privacy of individuals whose personal information or personal health information is collected, transmitted, stored or exchanged by and through eHealth Ontario, in accordance with the Freedom of Information and Protection of Privacy Act, the Personal Health Information Protection Act, 2004 and any other applicable law (O. Reg. 339/08, s.3).

eHealth Ontario and the Ministry of Health and Long-Term Care (the "Ministry") entered into a Memorandum of Understanding and Transfer Payment Agreement effective April 1, 2009. The Transfer Payment Agreement expired on March 31, 2013 and an Accountability Agreement with the Ministry was signed on March 31, 2013 for a one-year term. Effective April 1, 2014, eHealth Ontario and the Ministry entered into an Accountability Agreement for a three-year period ending March 31, 2017. A new Accountability Agreement was signed and effective April 1, 2017 for a three-year period ending March 31, 2020.

eHealth Ontario is funded by the Province of Ontario through the Ministry. Any surplus balance must be repaid in the following fiscal year. Any deficit balance reduces the funding allocation in the following fiscal year.

As a Crown agency, eHealth Ontario is exempt from income taxes.

eHealth Ontario

NOTES TO FINANCIAL STATEMENTS

[in thousands of dollars]

March 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with the Public Sector Accounting Handbook, which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. eHealth Ontario has chosen to use the standards for government not-for-profit organizations that include Section PS 4200 to PS 4270. The financial statements have been prepared based on the significant accounting policies described below.

Revenue recognition

eHealth Ontario follows the deferral method of accounting for contributions. Contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions with respect to the purchase of capital assets are deferred and recognized as funding in the year in which the amortization expense is recognized.

Allocation of expenses

The costs of each function include the costs of personnel and other expenses that are directly related to the function. General support and other costs are included in shared services expenses.

Capital assets

Capital assets are recorded at cost, net of accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Computer hardware	3 to 5 years
Computer software	3 to 10 years
Furniture and office equipment	5 years
Leasehold improvements	Over the term of the leases

Capital assets that no longer have any long-term service potential for eHealth Ontario are written down to residual value, if any. The excess of the carrying value over the residual value of such assets is recognized as amortization in the statement of operations and changes in net assets.

Internal labour costs are capitalized in connection with the development of information technology projects.

eHealth Ontario

NOTES TO FINANCIAL STATEMENTS

[in thousands of dollars]

March 31, 2015

Employee future benefits

Contributions to a defined contribution plan are expensed on an accrual basis.

3. GOVERNMENT OF ONTARIO

[a] Funding from the Ministry recognized as revenue is calculated as follows:

	2015 $	2014 $
Funding for eHealth Ontario operating/capital expenditures	**210,077**	234,144
Funding for transfer payments to eHealth Ontario partners	**148,073**	119,756
Total funding	**358,150**	353,900
Amounts used to fund capital assets and recorded as deferred capital contributions *[note 5]*	**(26,500)**	(17,640)
Interest earned during the year repayable to the Ministry	**289**	440
Interest earned and funding not received (used) recorded as due from (to) Ministry	**15,580**	(9,709)
Amount recognized as revenue	**347,519**	326,991

[b] The amount due from the Ministry consists of the following:

	2015 $	2014 $
Due from the Ministry's Health Services I&IT Cluster	**11,668**	6,411
Funding receivable	**15,580**	—
	27,248	6,411

The amount due from the Ministry's Health Services I&IT Cluster related to the purchase of certain hardware and software on its behalf by eHealth Ontario and labour and other operating costs related to services provided by eHealth Ontario.

eHealth Ontario

NOTES TO FINANCIAL STATEMENTS

[in thousands of dollars]

March 31, 2015

4. CAPITAL ASSETS

	2015		
	Cost $	Accumulated amortization $	Net book value $
Computer hardware	**66,688**	**53,262**	**13,426**
Computer software	**92,475**	**53,776**	**38,699**
Furniture and office equipment	**6,796**	**5,338**	**1,458**
Leasehold improvements	**5,913**	**4,210**	**1,703**
Work-in-process	**14,747**	—	**14,747**
	186,619	**116,586**	**70,033**

	2014		
	Cost $	Accumulated amortization $	Net book value $
Computer hardware	65,271	47,195	18,076
Computer software	82,222	44,107	38,115
Furniture and office equipment	6,203	4,829	1,374
Leasehold improvements	4,464	3,776	688
Work-in-process	4,539	—	4,539
	162,699	99,907	62,792

In the current year, certain assets no longer in use with a total cost of $2,581 [2014 - $4,455], accumulated amortization of $2,228 [2014 - $4,445] and a net book value of $353 [2014 - $10] were written off and included in amortization of capital assets.

During the years ended March 31, 2015 and 2014, there were no impairment charges recognized to write-down work-in-process in connection with projects that were redefined.

eHealth Ontario

NOTES TO FINANCIAL STATEMENTS

[in thousands of dollars]

March 31, 2015

5. DEFERRED CAPITAL CONTRIBUTIONS

	2015 $	2014 $
Balance, beginning of year	**62,792**	69,198
Contributions used to fund capital asset purchases *[note 3[a]]*	**26,500**	17,640
Amortization	**(19,259)**	(24,046)
Balance, end of year	**70,033**	62,792

6. COMMITMENTS AND CONTINGENCIES

[a] eHealth Ontario has various multi-year contractual commitments for services. Payments required on these commitments are as follows:

	$
2016	**67,266**
2017	**17,730**
2018	**9,352**
2019	**2,087**
2020	**2,060**
2021 and thereafter	**2,524**
	101,019

[b] Ontario Realty Corporation, a Crown Corporation of the Province of Ontario, holds leases on the office space occupied by eHealth Ontario. eHealth Ontario is responsible for all of the operating lease payments. The payments required to the date of expiry are as follows:

	$
2016	**5,624**
2017	**5,368**
2018	**4,921**
2019	**4,954**
2020	**4,971**
2021 and thereafter	**4,500**
	30,338

eHealth Ontario

NOTES TO FINANCIAL STATEMENTS

[in thousands of dollars]

March 31, 2015

[c] eHealth Ontario has entered into transfer payment agreements with eHealth Ontario partners that require future payments once defined eligibility requirements have been met. Work has begun under many of these arrangements and progress against the eligibility requirements is monitored regularly. Total future payments in connection with these contracts are approximately $95.1 million, of which $61.8 million is expected to be paid in fiscal 2016. These payments are payable over the period ending March 31, 2018.

[d] eHealth Ontario participates in the Healthcare Insurance Reciprocal of Canada ["HIROC"]. HIROC is a pooling of the public liability insurance risks of its members who are all Canadian not-for-profit health care organizations. All members of the HIROC pool pay annual premiums which are actuarially determined. All members are subject to assessment for losses, if any, experienced by the pool for the years in which they are members. No assessments have been made for the year ended March 31, 2015.

[e] In the normal course of operations, eHealth Ontario is subject to various claims and potential claims. Management has recorded its best estimate of the potential liability related to these claims where potential liability is likely and able to be estimated. In other cases, the ultimate outcome of the claims cannot be determined at this time.

On June 18, 2015, former Chief Justice Warren Winkler made a decision of binding arbitration that resolves all issues in dispute between eHealth Ontario, CGI Information Systems and Management Consultants Inc. and certain other parties relating to termination of the Diabetes Registry in 2012. Under the arbitration decision, the Agency will make a payment to CGI Information Systems and Management Consultants Inc. of $26.9 million and this amount has been included in accounts payable and accrued liabilities on the statement of financial position as at March 31, 2015.

Any additional losses related to claims will be recorded in the year during which the liability is able to be estimated or adjustments to any amount recorded are determined to be required.

7. EMPLOYEE FUTURE BENEFITS

eHealth Ontario has a defined contribution pension plan for its employees. eHealth Ontario's contributions to this plan during the year amounted to $3,642 [2014 - $3,647].

8. SUPPLEMENTAL CASH FLOW INFORMATION

The change in accounts payable and accrued liabilities related to the purchase of capital assets for the year ended March 31, 2015 of $9,799 [2014 - $9,093] has been excluded from the statement of cash flows.

eHealth Ontario

NOTES TO FINANCIAL STATEMENTS

[in thousands of dollars]

March 31, 2015

9. FINANCIAL INSTRUMENTS

Credit risk

eHealth Ontario is exposed to credit risk in connection with its accounts receivable because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

eHealth Ontario manages and controls credit risk with respect to accounts receivable by only dealing with recognized, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis. As at March 31, 2015, there were no significant amounts that are past due or impaired.

Liquidity risk

eHealth Ontario is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. eHealth Ontario derives all of its operating revenue from the Government of Ontario with no firm commitment of funding in future years. To manage liquidity risk, eHealth Ontario keeps sufficient resources readily available to meet its obligations.

Accounts payable mature within six months.

10. COMPARATIVE FINANCIAL STATEMENTS

Certain comparative figures have been reclassified from statements previously presented to conform to the presentation of the 2015 financial statements.

FOREST RENEWAL TRUST

Forest Renewal Trust financial statements for the year ended March 31, 2015 were not available at the time of printing. When available, they will be posted to the website: www.fin.gov.on.ca/en/ .

pwc

MINISTRY OF ECONOMIC DEVELOPMENT, EMPLOYMENT AND INFRASTRUCTURE
GENERAL REAL ESTATE PORTFOLIO (GREP)

June 26, 2015

Independent Auditor's Report

To the Minister of Economic Development, Employment and Infrastructure

We have audited the accompanying financial statements of Ministry of Economic Development, Employment and Infrastructure, General Real Estate Portfolio (GREP), which comprise the statement of financial position as at March 31, 2015 and the statement of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express and opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order the design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ministry of Economic Development, Employment and Infrastructure, General Real Estate Portfolio (GREP) as at March 31, 2015 and the results of its operations, its changes in its net financial assets and its cash flows for the year ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

MINISTRY OF ECONOMIC DEVELOPMENT, EMPLOYMENT AND INFRASTRUCTURE
GENERAL REAL ESTATE PORTFOLIO
STATEMENT OF FINANCIAL POSITION

As at March 31, 2015 and March 31, 2014
(in thousands of dollars)

		2015		2014 As restated (Note 2)
Financial assets				
Cash and cash equivalents (Note 3)	$	225,272	$	197,907
Trade and other receivables (Note 4)		98,702		117,756
Accounts receivable – Humber River Hospital		-		2,700
AFP receivables		989,606		1,390,000
Receivables under capital leases (Note 5)		300,904		388,391
Due from related parties (Note 6)		26,071		57,595
Projects receivables (Note 7)		34,583		57,800
Assets held for sale (Note 8)		2,300		2,175
		1,769,709		2,175,400
Liabilities				
Accounts payable and other liabilities		140,003		167,762
Liability for Contaminated sites (Note 9)		140,987		140,987
AFP liabilities		994,820		1,380,808
Customers' deposits		15,300		780
Capital lease obligations (Note 5)		300,904		388,391
		1,672,413		2,078,348
Net financial assets		97,296		97,052
Non-financial assets				
Tangible capital assets (Note 10)		5,717,991		5,760,747
Prepaids, deposits and other assets		2,971		6,445
		5,720,962		5,767,192
Accumulated surplus	$	5,818,258	$	5,864,244

Contingent liabilities (Note 11)
Commitments (Note 12)

The accompanying notes are an integral part of these financial statements

MINISTRY OF ECONOMIC DEVELOPMENT, EMPLOYMENT AND INFRASTRUCTURE
GENERAL REAL ESTATE PORTFOLIO
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the years ended March 31, 2017 and March 31, 2016
(in thousands of dollars)

	For the year ended March 31		
	Budget 2017	Actual 2017	Actual 2016 As restated (Note 3)
Revenue			
Rent (Note 6)	$ [illegible]	$ [illegible]	$ [illegible]
Cost recoveries (Note 6)	[illegible]	[illegible]	[illegible]
Interest income	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Operating expenses			
Facilities (Note 6)	[illegible]	[illegible]	[illegible]
Recoverable costs (Note 6)	[illegible]	[illegible]	[illegible]
Property disposition costs	[illegible]	[illegible]	[illegible]
General and administration	[illegible]	[illegible]	[illegible]
Interest	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Gain on sale of tangible capital assets (Note 10)	-	[illegible]	[illegible]
Gain on sale of assets held for sale (Note 8)	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Operating surplus/(deficit) before amortization and write-down of tangible capital assets	[illegible]	[illegible]	[illegible]
Amortization of tangible capital assets	[illegible]	[illegible]	[illegible]
Write down of tangible capital assets	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Deficit	[illegible]	[illegible]	[illegible]
Accumulated surplus, beginning of year, as previously reported		[illegible]	[illegible]
Prior Period adjustment (Note 2)		[illegible]	[illegible]
Adoption of new accounting standard for Liability for Contaminated sites (Note 9)		[illegible]	[illegible]
Accumulated surplus, beginning of year, as restated		[illegible]	[illegible]
Contributions from ministries		[illegible]	[illegible]
Contributions from Humber River Hospital		-	[illegible]
Contributions from other government organizations		[illegible]	[illegible]
Distributions to the Province of Ontario		[illegible]	[illegible]
Net Contributions		[illegible]	[illegible]
Accumulated surplus, end of period		$ [illegible]	$ [illegible]

The accompanying notes are an integral part of these financial statements.

MINISTRY OF ECONOMIC DEVELOPMENT, EMPLOYMENT AND INFRASTRUCTURE
GENERAL REAL ESTATE PORTFOLIO
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the years ended March 31, 2017 and March 31, 2016
(in thousands of dollars)

		2017		2016 As restated (note 3)
Deficit for the period	$	[illegible]	$	[illegible]
Acquisition of tangible capital assets		[illegible]		[illegible]
Transfer of tangible capital assets to/(from) held for sale		[illegible]		[illegible]
Amortization of tangible capital assets		[illegible]		[illegible]
Gain on sale of tangible capital assets		[illegible]		[illegible]
Proceeds on sale of tangible capital assets		[illegible]		[illegible]
Transfer of tangible capital assets		[illegible]		[illegible]
Write down of tangible capital assets		[illegible]		[illegible]
		[illegible]		[illegible]
Decrease/(increase) in prepaids, deposits and other assets		[illegible]		[illegible]
Liability for remediation of contaminated sites		-		[illegible]
Contributions from ministries		[illegible]		[illegible]
Contributions from other government organizations		[illegible]		[illegible]
Contributions from Humber River Hospital		-		[illegible]
Distributions to the Province of Ontario		[illegible]		[illegible]
Decrease in net financial assets		[illegible]		[illegible]
Net financial assets, beginning of period		[illegible]		[illegible]
Net financial assets, end of period	$	[illegible]	$	[illegible]

The accompanying notes are an integral part of these financial statements.

MINISTRY OF ECONOMIC DEVELOPMENT, EMPLOYMENT AND INFRASTRUCTURE
GENERAL REAL ESTATE PORTFOLIO
STATEMENT OF CASH FLOWS
For the years ended March 31, 2015 and March 31, 2014
(in thousands of dollars)

		2015		2014 As restated (Note 2)
Operating activities				
Deficit for the period	$	(180,012)	$	(181,969)
Changes in non cash items				
Amortization of tangible capital assets		219,472		205,043
Gain on sale of tangible capital assets		(25,320)		(20,924)
Gain on sale of assets held for sale		(11,305)		(32,230)
Write down of tangible capital assets		3,401		2,987
Changes in non cash working capital balances				
Decrease/(increase) in trade and other receivables		21,664		(30,347)
(Increase) in trade and other receivables-HRH		-		(2,700)
Decrease in due from related parties		6,385		38,532
Decrease in AFP receivables		380,832		27,975
Decrease/(increase) in projects receivables		3,217		(15,225)
(Decrease)/increase in accounts payable and other liabilities		(26,959)		15,447
Decrease in AFP liabilities		(386,120)		(19,496)
Increase/(decrease) in customers' deposits		14,521		(783)
Decrease in due to related parties		-		(24,309)
Decrease/(increase) in prepaids, deposits and other assets		1,474		(997)
		21,250		(38,996)
Capital activities				
Proceeds from sale of tangible capital assets		25,371		27,239
Acquisition of tangible capital assets		(49,032)		(163,764)
		(23,661)		(136,525)
Investing activities				
Proceeds from disposition of assets held for sale		12,467		34,252
Financing activities				
Contributions from ministries		75,803		241,036
Contributions from Humber River Hospital		-		8,089
Distributions to the Province of Ontario		(58,394)		(82,511)
		17,409		166,614
Net change in cash and cash equivalents		27,465		25,345
Cash and cash equivalents, beginning of the year		197,907		172,562
Cash and cash equivalents, end of period	$	225,372	$	197,907

The accompanying notes are an integral part of these financial statements

MINISTRY OF ECONOMIC DEVELOPMENT, EMPLOYMENT AND INFRASTRUCTURE
GENERAL REAL ESTATE PORFOLIO
NOTES TO FINANCIAL STATEMENTS
March 31, 2015 and 2014
(in thousands of dollars)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of organization
The Ministry of Economic Development, Employment and Infrastructure General Real Estate Portfolio (GREP) consists of certain realty assets owned and/or leased by Her Majesty the Queen, in Right of Ontario, as represented by the Minister of Economic Development, Employment and Infrastructure and managed by Ontario Infrastructure and Lands Corporation (Infrastructure Ontario). Other real estate assets and liabilities in the Ministry of Economic Development, Employment and Infrastructure's portfolio are not reflected in these statements.

Basis of accounting
The financial statements are prepared in accordance with Canadian generally accepted accounting principles for governments as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada (Canadian public sector accounting standards).

Cash equivalents
Cash equivalents are comprised of treasury bills with maturity dates of less than 180 days. These are held to meet short-term cash commitments and are not intended for investments. Risk due to changes in market value is insignificant.

Tangible capital assets
Tangible capital assets are recorded at cost less accumulated amortization. Cost includes the costs directly attributable to the acquisition, design, construction, development, improvement or betterment of the asset such as material, labour and capitalized interest.

Capitalization of cost associated with the construction work in progress (CIP) cease when the asset is ready for its intended use or ready for occupancy.

Land includes land acquired for transportation infrastructure, parks, buildings and other program use, as well as land improvements that have an indefinite life and are not being amortized. Land excludes Crown lands acquired by right.

Buildings include administrative and service structures. Leased premises are excluded. Alternative Financing and Procurement (AFP) buildings represent the value of AFP projects completed and transferred from sponsoring ministries.

CIP includes new buildings under construction and alterations to existing buildings.

All tangible capital assets, except CIP, land and land improvements are amortized on a straight line basis over their estimated useful lives. The useful lives of GREP's tangible capital assets have been estimated as:

Buildings, AFP Buildings and AFP assets under capital leases	20 to 40 years
Yardworks, including airport runways, parking lots and a dam	12 to 40 years

The carrying value of tangible capital assets is written down to the asset's residual value if it can no longer contribute to the Province's ability to provide service and the impairment is permanent in nature, or when the value of the future economic benefit is less than the carrying value of the tangible capital asset. Write downs are recognized in the statement of operations and are not reversed.

Interest capitalization
The cost of tangible capital assets constructed or developed by the Province includes interest costs incurred by the Province during the development or construction period.

All interest incurred by the Province to fund the capital projects during the construction period is capitalized to tangible capital assets. There is no capitalization threshold.

The interest rate to be used in calculating the interest cost incurred during construction in any given year is the Weighted Average Cost of Capital (WACC) of the Province. The Ontario Financing Authority (OFA) provides the appropriate WACC. For fiscal year 2015, the WACC is 4.36% (2014 – 3.8%).

Capitalization of interest ceases once the asset is ready for use, even though the asset may be put to use at a later date. If construction of the tangible capital asset is terminated or deferred indefinitely before completion, the costs capitalized to date are expensed, unless there is an alternative use for the tangible capital asset.

AFP assets and liabilities
AFP receivables represent the amount owed from the sponsoring ministries on account of the construction and other costs incurred by the consortium for the completed projects and projects under construction at the financial statement date. GREP invoices ministries and recovers these receivables as payments are made to the consortium per terms of the project agreement.

AFP liabilities represent the amounts owed to the construction consortium for the value of AFP projects completed and those under construction at the financial statement date. These amounts are paid to the consortium as per terms of the project agreement, which consists of a partial payment at substantial completion and the remaining amounts through monthly service payments.

Construction costs for AFP projects under construction are recorded in the accounts of sponsoring ministries.

Assets held for sale
Assets that meet the following criteria are categorized as held for sale; the asset has been authorized or committed to be sold, is in a saleable condition, publicly seen to be available for sale, have an active market, with a plan in place for sale and is reasonably anticipated to be sold to a purchaser external to the Province within one year of the financial statement date.

Assets held for sale are recorded at the lower of carrying value and net realizable value. Cost includes all costs of acquisition and capitalized improvements on property, net of amortization.

AFP assets under capital lease
Ministry of Economic Development, Employment and Infrastructure has entered into contractual agreements with third parties to finance, design, build and manage certain assets on behalf of sponsoring ministries. These projects meet the criteria for, and are classified as capital leases. Value of assets acquired under capital leases are recorded as tangible capital assets and a lease liability is recorded as capital lease obligations at the present value of the minimum lease payments. Lease payments are receivable from sponsoring ministries and are recorded as receivable under capital leases. The terms and conditions are the same for both receivables under capital leases from the sponsoring ministries and the capital leases obligation to the construction consortium.

Liability for contaminated sites
Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries.

Beginning with the financial statements for the year ended March 31, 2015, a liability for remediation of contaminated sites is recognized when all the following criteria are met: (i) an environmental standard exists; (ii) contamination exceeds the environmental standard; (iii) GREP is directly responsible or accepts responsibility; (iv) it is expected the future economic benefits will be given up and (v) a reasonable estimate of the amount can be made.

The estimated liability includes costs directly attributable to the remediation, containment or mitigation activities and cost of post remediation maintenance and monitoring in order to bring the site up to its current minimum standard for its use just prior to contamination. The cost of remediation is calculated based on the best available information and is reviewed and revised on an annual basis.

Revenue recognition
Revenue is recognized in the period in which the event that generates the revenue occurs.

Rent consists of income earned from leasing of GREP owned and third party landlord leased properties to government ministries and private sector tenants as well as the majority of operating funding received from the Ministry of Economic Development, Employment and Infrastructure. Rental revenue includes base rent, cost recoveries for operating expenses, property taxes and parking revenues. Free rent, lease increments and fixturing allowances related to third party leased buildings are recognized in the period in which they occur. Rent includes capital lease costs and monthly service payments for AFP properties recovered from ministries. Rent also includes cost recoveries from ministries for tenant specific requirements over and above services defined in the lease agreements.

Cost recoveries are recoveries from ministries of costs for construction, improvements or other real estate related projects undertaken as requested by ministries. Cost recovery revenue is recognized as services are provided. Cost recoveries also include operating funding allocations from the Ministry of Economic Development, Employment and Infrastructure and are recognized as invoiced.

Interest income represents interest earned on cash and cash equivalents and is recognized on a time proportion basis.

Operating expenses
Operating expenses are recorded as incurred under the accrual basis of accounting.

Facilities operating expenses include expenses incurred for the operation and maintenance of owned properties, including property taxes, facility management fees paid to Infrastructure Ontario, and non-recoverable repairs and maintenance expenses on owned properties as well as recoverable rental expenses paid to third party landlords.

Recoverable costs include costs incurred for construction or asset improvement as well as costs for other real estate projects undertaken as requested by ministries. All costs are recoverable from the respective ministry. Recoverable costs are recognized based on value of work completed.

Property disposition costs are costs incurred to bring the specific assets identified for sale to a marketable condition. The costs are expensed as incurred. Costs include property planning, marketing, environmental assessment, zoning, permits, and settlements.

Interest expense relates to the interest on debt outstanding on AFP liabilities including AFP assets under capital lease obligations, which are recovered in full from the sponsoring ministries.

Contributions from ministries
Ministry contributions represent funds received from (a) the Ministry of Economic Development, Employment and Infrastructure's capital allocations, (b) the value of assets, asset improvements and betterments funded by other ministries that are capitalized to the tangible capital assets of GREP. These amounts are recorded as an addition to the accumulated surplus.

Contributions from other government organizations
Contributions from other government organizations include the values of assets, asset improvements and betterments capitalized to the cost of the property in GREP and funded by government organizations other than ministries. The amounts are recorded as contributions and additions to the accumulated surplus.

Distributions to Province of Ontario
Distributions represent the payment of funds collected by GREP, from private sector and non-government sources, to the Consolidated Revenue Fund in accordance with the requirements of the Financial Administration Act.

Use of estimates
These policies require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Major areas where management made subjective estimation include those relating to useful lives of tangible capital assets, accruals for value of work completed related to ministry recoverable and capital repair projects, allowance for doubtful receivables, liabilities for contaminated sites and accrued expenses. Actual results could differ from these estimates.

2. PRIOR PERIOD ADJUSTMENTS

During the year, GREP determined that it should have recognized the expected loss on the sale of two parcels of land in the West Donlands area in a prior year. A purchase and sale agreement was executed with a developer for at a fixed price related to these two parcels of land during a previous fiscal year with the transaction to close in a future year. Subsequent to the execution of the purchase and sale agreement, GREP performed significant land development work in the West Donlands area as required under the purchase and sale agreement. It was determined that prior to April 1, 2013, the cost of these two parcels of land, including the additional costs associated with the work above, exceeded its recoverability based on this purchase and sale agreement.

As a result, GREP recorded an adjustment to its previously issued financial statements to write-down the land to its net recoverable amount.

The adjustment has been accounted for on a retroactive basis with a prior period adjustment. As a result, GREP wrote down the value of the asset by $14,637 at April 1, 2013 representing the estimated loss on the sale of the specific assets with a corresponding decrease to accumulated surplus. Consequently, accumulated surplus, as originally reported totaling $5,511,726 as at April 1, 2013 has been restated to $5,497,089 and net book value of the assets originally reported as $5,796,384 restated to $5,781,747.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include short-term treasury bills of $110,677 (March 31, 2014 - $75,722) with maturity date within 180 days issued by the OFA with a weighted average effective interest rate of 0.71%

MINISTRY OF ECONOMIC DEVELOPMENT, EMPLOYMENT AND INFRASTRUCTURE
GENERAL REAL ESTATE PORFOLIO
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March 31, 2015 and 2014
(in thousands of dollars)

(March 31, 2014 – 0.96%).

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables include receivables from government and private sector tenants for charge for accommodation (CFA), AFP monthly service payments (MSP), project service receivables related to cost recoveries from ministries, HST rebate receivables and other receivables including those from private sector tenants. Allowances for doubtful accounts are recorded for specific third party balances, which are determined uncollectible to reduce their values to the amount expected to be recovered. The balance consists of the following:

	March 31 2015	March 31 2014
CFA receivables	$ **38,153**	$ 45,286
AFP MSP receivables	**20,702**	13,272
Project services receivables	**21,179**	26,319
HST receivables	**13,880**	23,633
Other receivables	**5,789**	10,143
Allowance for doubtful accounts	**(911)**	(897)
	$ **98,792**	$ 117,756

5. RECEIVABLES UNDER CAPITAL LEASES AND CAPITAL LEASE OBLIGATIONS

	March 31 2015	March 31 2014
Due March 2040, repayable in blended monthly installments of $1,026, interest at 5.19%, secured by the tangible capital assets under the AFP project.	$ **171,972**	$ 175,253
Due November 2039, repayable in blended monthly installments of $1,244, interest at 5.11%, secured by the tangible capital assets under the AFP project.	**209,012**	213,138
	$ **380,984**	$ 388,391

Future minimum lease payments under capital leases are as follows:

	Amount
2016	$ 27,233
2017	27,233
2018	27,233
2019	27,233
2020	27,233
Thereafter	539,260
Total minimum lease payments	675,425
Less: Imputed interest	(294,441)
	$ 380,984

6. RELATED PARTY TRANSACTIONS

GREP generates revenue through providing real estate accommodation and project management services to ministries, crown agencies and other government organizations for their program needs through Ministry of Economic Development, Employment and Infrastructure owned and third party leased real estate assets. Infrastructure Ontario, an agency of the Ministry of Economic Development, Employment and Infrastructure manages the real estate portfolio and provides project management services for a management fee. The two related parties are the Ministry of Economic Development, Employment and Infrastructure and Infrastructure Ontario.

MINISTRY OF ECONOMIC DEVELOPMENT, EMPLOYMENT AND INFRASTRUCTURE
GENERAL REAL ESTATE PORFOLIO
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(in thousands of dollars)

The Ministry of Economic Development, Employment and Infrastructure funds GREP for its operating and capital needs in addition to the income generated by operations. Funding is provided for strategic advisory fees, project management fees, operating and maintenance funding for vacant third party leased and corporate space, payment in lieu of taxes for non leasable lands etc. For the year ended March 31, 2015, GREP received operating funding of $45,244 (March 31, 2014 - $45,583) which was recorded as revenue under rent and cost recoveries.

Capital funding includes funding for various real estate programs such as the Capital Repair Program and the realty planning and development, Toronto Accommodation program etc. For the year ended March 31, 2015 GREP received capital funding of $88,336 (March 31, 2014 - $104,670) from Ministry of Economic Development, Employment and Infrastructure which was recorded as contributions from ministries or cost recoveries.

Due from related parties consists of $21,735 (March 31, 2014 - $27,832) due from Ministry of Economic Development, Employment and Infrastructure related to CFA, project services, operating and capital funding allocations net of private sector revenue remittances and $4,336 (March 31, 2014 - $9,761) receivable from Infrastructure Ontario. The amounts are due on demand, unsecured and non-interest bearing.

Infrastructure Ontario manages the real estate portfolio and provides project administration and management services for a management fee. Infrastructure Ontario fees for the year include a real estate management fee at 15% of the operating and maintenance budget for the owned portfolio totaling $29,720 (2014 - $29,450), operations management fee for AFP operating projects $1,082 (2014 - $965), and a project administration and management fee of $8,761 (2014 - $8,489) all of which were recorded as facility operating expenses, as well as a strategic asset management fee of $9,983 (2014 - $10,583), calculated based on the net book value of the assets under management and recorded as recoverable costs.

7. PROJECTS RECEIVABLES

Projects receivables totaling $34,583 (March 31, 2014 - $37,800) consists of accrued project costs related to ministry recoverable projects and small works incurred up to March 31, 2015, but yet not invoiced. All amounts were invoiced to the ministries subsequent to the period end.

8. ASSETS HELD FOR SALE

Assets held for sale are real estate assets that have been declared surplus to the needs of the Province and have been approved for sale by an Order-in-Council. It is reasonably anticipated that assets held for sale will be sold outside the reporting entity within one year of the balance sheet date. Assets held for sale as are summarized below.

	March 31 2015	March 31 2014
Land	$ **2,202**	$ 1,156
Buildings	**923**	3,202
	3,125	4,358
Accumulated amortization	**(824)**	(2,185)
Net book value	$ **2,301**	$ 2,173

16 properties (March 31, 2014 - 25 properties) with a carrying value of $1,162 (March 31, 2014 - $2,022) were sold for net proceeds of $12,467 (March 31, 2014 - $34,252) generating a net gain on sale of $11,305 (March 31, 2014 - $32,230).

9. LIABILITY FOR REMEDIATION OF CONTAMINATED SITES

As now required, effective April 1, 2014, GREP adopted Public Sector Accounting Standard PSAB 3260, Liability for Contaminated Sites. In accordance with the transitional provisions of the standard, GREP adopted the standard retroactively with prior period restatement. As a result of adopting the new standard, GREP recognized a liability of $140,987 at April 1, 2013 with a corresponding adjustment to the accumulated surplus as at April 1, 2013.

A liability for the remediation of a contaminated site is recognized when contamination of a GREP property, or a property for which GREP has assumed responsibility, is known to be in excess of an environmental standard, where an environmental standard exist, it is expected that future economic benefits will be given up and the related remediation costs can be estimated.

The sources of contamination specific to individual sites may include petroleum hydrocarbons, volatile organic compounds, metals, inorganics, herbicides, pesticides, industrial waste, construction debris etc. Contamination was assessed primarily based on Phase I and Phase II Environmental Site Assessments (ESA) under Ontario regulations. In addition, GREP considered a range of key risk factors for each site including potential or historic human habitation or operations, potential offsite contamination, impacted media, potentially contaminating activities, areas of potential environmental concern and the contaminants of concern.

Remediation means the improvement of a contaminated site to prevent, minimize or mitigate damage to human health or the environment. Remediation involves the development and application of a planned approach that removes, destroys, contains, or otherwise reduces availability of contaminants to receptors of concern.

GREP manages a database of sites with known existing or potential contamination, and will modify the database with new information and developments. The database was developed in the current fiscal year using historical information GREP had collected on its properties through past development and investigation. Based on the available information, 82 sites were identified with known existing or potential contamination, of which 40 sites were determined to meet the recognition criteria under the new standard.

Five contaminated sites included in the 40 sites identified are not owned by the Ministry of Economic Development, Employment and Infrastructure, became responsible by operational law for remediation due to forfeiture to the Crown. Ministry of Economic Development, Employment and Infrastructure has directed GREP to undertake the responsibility for remediation of these sites. Accordingly GREP has recognized the initial calculation of the liability in its accounts at year end.

The assumptions used in estimating the liability for remediation include land use scenarios, ecological impact and human health risk. The liability is based on minimum estimated costs for remediation of contamination to bring the site to the minimum acceptable environmental standards for its use just prior to contamination, in addition to ongoing monitoring and management of the site. The management's best estimate required to settle or otherwise extinguish the liability on an undiscounted basis is $140,987 as at March 31, 2015.

Significant judgment and estimation was involved in determining whether the properties met the recognition criteria under this standard including management's views with respect to the exception of whether future economic benefits will be given up. In assessing the properties against the criteria, consideration was given to several factors including the type, extent and location of contamination. In addition, significant judgment and estimation was made by management in determining the amount of the liability for these properties that met the recognition criteria under the standard, including the type of remediation activities that would be required and the associated costs for remediation.

MINISTRY OF ECONOMIC DEVELOPMENT, EMPLOYMENT AND INFRASTRUCTURE
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March 31, 2015 and 2014
(in thousands of dollars)

10. TANGIBLE CAPITAL ASSETS

	Land	Yard-works	Buildings	CIP	AFP Buildings	AFP Assets under Capital Lease	Total
Cost							
Balance as at April 1, 2014	$ 592,577	42,498	3,944,408	457,312	2,022,097	502,090	7,560,982
Additions	764	4,205	158,625	144,574	-	-	308,168
Transfer out from CIP	-	-	-	(135,359)	-	-	(135,359)
Disposals	(19)	-	(2,858)	-	-	-	(2,877)
Retirements, write downs and Transfers	(2,213)	-	(44,388)	-	-	-	(46,601)
Transfer to/from held for sale	(1,451)	-	(68)	-	-	-	(1,519)
Balance as at March 31, 2015	589,658	46,703	4,055,719	466,527	2,022,097	502,090	7,682,794
Accumulated Amortization							
Balance as at April 1, 2014	-	7,476	1,658,427	-	54,754	58,578	1,779,235
Additions	-	2,401	153,473	-	51,012	12,586	219,472
Disposals	-	-	(2,826)	-	-	-	(2,826)
Retirements, write downs and Transfers	-	-	(30,850)	-	-	-	(30,850)
Transfer to/from held for sale	-	-	(228)	-	-	-	(228)
Balance as at March 31, 2015	-	9,877	1,777,996	-	105,766	71,164	1,964,803
Net book value at March 31, 2015	589,658	36,826	2,277,723	466,527	1,916,331	430,926	5,717,991

	Land	Yard-works	Buildings	CIP	AFP Buildings	AFP Assets under Capital Lease	Total As restated (note 2)
Cost							
Balance as at April 1, 2013	$ 577,345	39,555	3,917,306	468,123	1,381,291	501,807	$ 6,885,427
Additions	15,830	2,943	71,001	139,528	640,806	283	870,391
Transfer out from CIP	-	-	-	(89,276)	-	-	(89,276)
Disposals	(775)	-	(6,040)	-	-	-	(6,815)
Retirements, write downs and Transfers	(4,137)		(52,129)	(61,063)	-	-	(117,329)
Transfer to/from held for sale	4,314	-	14,270	-	-	-	18,584
Balance as at March 31, 2014	592,577	42,498	3,944,408	457,312	2,022,097	502,090	7,560,982
Accumulated Amortization							
Balance as at April 1, 2013	-	5,528	1,542,677	-	14,309	45,992	1,608,506
Additions	-	1,948	150,064	-	40,445	12,586	205,043
Disposals	-	-	(500)	-	-	-	(500)
Retirements, write downs and Transfers			(40,467)				(40,467)
Transfer to/from held for sale	-	-	6,653	-	-	-	6,653
Balance as at March 31, 2014	-	7,476	1,658,427	-	54,754	58,578	1,779,235
Net book value at March 31, 2014	$ 592,577	35,022	2,285,981	457,312	1,967,343	443,512	$ 5,781,747

Three properties (2014 - six properties) with a carrying value of $51 (2014 - $6,315) and eight easements (2014 - 10 easements) were disposed for net proceeds of $25,371 (2014 - $27,239) generating a net gain on sale of $25,320 (2014 - $20,924).

11. CONTINGENT LIABILITIES

Prior to the amalgamation of Stadium Corporation of Ontario Limited (STADCO) with Infrastructure Ontario and Ontario Realty Corporation on June 6, 2011, all assets, liabilities and operations of STADCO were transferred to GREP, including ground leases dated June 3, 1989 with Canada Lands Company for the SkyDome Lands and the sublease to Rogers Stadium Limited Partnership (sub- tenant). Under the terms of the ground lease, GREP is responsible for base rent, realty taxes, utilities and certain operating costs, which are assumed by the-sub tenant under the terms of the sub-lease. In the event of a default by the sub-tenant, the potential financial impact to GREP is estimated to be the base rent in the range of $300 to $400 annually plus realty taxes, utilities and certain operating costs.

In connection with adoption of Public Sector Accounting Standard PSAB 3260, Liability for Contaminated Sites, management made significant judgment and estimation with respect to the determination of sites which met the recognition criteria and in estimation of costs associated with remediation. There may be certain sites owned by GREP with contamination or certain sites identified by GREP as having contamination that exceeds an environmental standard may also have contamination that has migrated beyond GREP's property boundaries (i.e. offsite contamination). No liability have been accrued for in these financial statements for these sites, as the management does not have sufficient information to determine if the recognition criteria has been met under the new standard, nor can an estimate of the amount of the liability, if any, be made at this point in time.

Management will continue to closely monitor and improve its knowledge of these sites and will recognize a liability once additional information with respect to the contamination is known and, as a result, the recognition criteria has been met and a reasonable estimate can be made.

12. COMMITMENTS

GREP has entered into contractual obligations and does so on a continuing basis for building leases, construction contracts and annual service payments on AFP properties. The building leases are lease contracts with third party landlords to provide accommodation to the ministries and government organizations. Commitments for construction contracts are determined based on management's estimate of costs to be incurred over the construction period. Contractual obligations for AFP annual service payments include interest due on debt, operations and maintenance costs and lifecycle costs. Contractual obligations as at March 31, 2015 are as follows:

		Building Leases	Construction Contracts	AFP Annual Service Payments
2016	$	264,828	302,745	135,398
2017		237,193	115,918	134,639
2018		201,855	37,317	136,712
2019		164,846	4,394	136,854
2020		130,789	-	138,143
2021 and thereafter		552,578	-	2,884,433
	$	1,552,089	460,374	3,566,179

ieso
Independent Electricity System Operator

Management Report

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Independent Electricity System Operator are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards. The significant accounting policies followed by the Independent Electricity System Operator are described in the Summary of Significant Accounting Policies contained in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been prepared within reasonable limits of materiality and in light of information available up to February 18, 2015.

Management maintained a system of internal controls designed to provide reasonable assurance that the assets were safeguarded and that reliable information was available on a timely basis. The system included formal policies and procedures and an organizational structure that provided for the appropriate delegation of authority and segregation of responsibilities.

These financial statements have been examined by KPMG LLP, a firm of independent external auditors appointed by the Board of Directors. The external auditors' responsibility is to express their opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles in Canada. The Auditors' Report, which follows, outlines the scope of their examination and their opinion.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

On behalf of management,

Bruce Campbell
President, Chief Executive Officer
Toronto, Canada
February 18, 2015

Kimberly Marshall
Vice-President, Corporate Services and
Chief Financial Officer
Toronto, Canada
February 18, 2015

Independent Auditors' Report

To the Board of Directors of the Independent Electricity System Operator (IESO)

We have audited the accompanying financial statements of IESO, which comprise the statement of financial position as at December 31, 2014, the statements of operations and accumulated deficit, remeasurement gains and losses, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of IESO as at December 31, 2014, and its results of operations and its changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
February [illegible], 2015
Waterloo, Canada

Statement of Financial Position

As at (in thousands of Canadian dollars)	[illegible]	[illegible]
	$	$
FINANCIAL ASSETS		
Cash and cash equivalents	[illegible]	[illegible]
Accounts receivable	[illegible]	[illegible]
Long-term investments (Note 4)	[illegible]	[illegible]
TOTAL FINANCIAL ASSETS	[illegible]	[illegible]
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	[illegible]	[illegible]
Accrued interest on debt	[illegible]	[illegible]
Rebates due to market participants (Note 5)	–	[illegible]
Debt (Note 6)	[illegible]	[illegible]
Accrued pension liability (Note 7)	[illegible]	[illegible]
Accrued liability for employee future benefits other than pension (Note 7)	[illegible]	[illegible]
TOTAL LIABILITIES	[illegible]	[illegible]
NET DEBT	[illegible]	[illegible]
NON-FINANCIAL ASSETS		
Net tangible capital assets (Note 8)	[illegible]	[illegible]
Prepaid expenses	[illegible]	[illegible]
TOTAL NON-FINANCIAL ASSETS	[illegible]	[illegible]
ACCUMULATED DEFICIT		
Accumulated deficit from operations (Note 9)	[illegible]	[illegible]
Accumulated remeasurement gains	[illegible]	[illegible]
ACCUMULATED DEFICIT	[illegible]	[illegible]

On behalf of the Board

Tim O'Neill
Chair
Toronto, Canada

Ron Jamieson
Director
Toronto, Canada

Statement of Operations and Accumulated Deficit

For the year ended December 31 (in thousands of Canadian dollars)	2014 Budget $	2014 Actual $	2013 Actual $
WHOLESALE MARKET OPERATIONS			
System fees	126,576	129,548	115,683
Other revenue (Note 9)	3,291	3,583	3,143
Interest and investment income	1,012	2,798	1,601
Wholesale market operation revenues	**130,879**	**135,929**	**120,427**
Wholesale market operation expenses (Note 10)	(127,601)	(128,364)	(118,422)
IESO-OPA amalgamation expenses (Note 10)	-	(5,305)	-
Wholesale market operations annual surplus	**3,278**	**2,260**	**2,005**
MARKET SANCTIONS AND PAYMENT ADJUSTMENTS			
Market sanctions and payment adjustments	-	2,687	3,191
Customer education and market enhancement expenses (Note 10)	(4,083)	(4,363)	(3,856)
Market sanctions and payment adjustments annual deficit	**(4,083)**	**(1,676)**	**(665)**
SMART METERING ENTITY			
Smart metering charge	45,207	45,735	30,144
Smart metering expenses (Note 10)	(33,327)	(27,869)	(26,531)
Smart metering entity annual surplus	**11,880**	**17,866**	**3,613**
ANNUAL SURPLUS	**11,075**	**18,450**	**4,953**
ACCUMULATED DEFICIT FROM OPERATIONS, BEGINNING OF PERIOD	(132,698)	(132,698)	(137,651)
ACCUMULATED DEFICIT FROM OPERATIONS, END OF PERIOD	**(121,623)**	**(114,248)**	**(132,698)**

Statement of Remeasurement Gains and Losses

For the year ended December 31 (in thousands of Canadian dollars)

	2014 Actual $	2013 Actual $
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF PERIOD	**4,144**	**1,547**
UNREALIZED GAINS ATTRIBUTABLE TO:		
Foreign exchange – other	591	178
Portfolio investments (Note 3)	2,622	2,454
AMOUNTS RECLASSIFIED TO THE STATEMENT OF OPERATIONS:		
Foreign exchange – other	(178)	(35)
Portfolio investments	(817)	–
NET REMEASUREMENT GAINS FOR THE PERIOD	**2,218**	**2,597**
ACCUMULATED REMEASUREMENT GAINS, END OF PERIOD	**6,362**	**4,144**

Statement of Change in Net Debt

For the year ended December 31 (in thousands of Canadian dollars)	2014 Budget $	2014 Actual $	2013 Actual $
ANNUAL SURPLUS	**11,075**	**18,450**	**4,953**
CHANGE IN NON-FINANCIAL ASSETS			
Acquisition of tangible capital assets	(23,955)	(22,930)	(22,196)
Amortization of tangible capital assets	21,558	19,515	18,167
Change in prepaid expenses	948	(1,013)	(767)
TOTAL CHANGE IN NON-FINANCIAL ASSETS	**(1,449)**	**(4,428)**	**(4,796)**
NET REMEASUREMENT GAINS FOR THE PERIOD	972	2,218	2,597
CHANGE IN NET DEBT	**10,598**	**16,240**	**2,754**
NET DEBT, BEGINNING OF PERIOD	(224,645)	(224,645)	(227,399)
NET DEBT, END OF PERIOD	**(214,047)**	**(208,405)**	**(224,645)**

Statement of Cash Flows

For the year ended December 31 (in thousands of Canadian dollars)	2014	2013
	$	$
OPERATING TRANSACTIONS		
Annual Surplus	**18,450**	**4,953**
Changes in non-cash items:		
Amortization	19,515	18,167
Pension expense	13,777	10,800
Other employee future benefits expense	8,166	6,907
Change in fair value of long-term investments	(1,100)	—
	40,358	35,874
Changes in non-cash balances related to operations:		
Change in accounts payable and accrued liabilities	1,934	(2,146)
Change in accounts receivable	(221)	(759)
Change in rebates due to market participants	(25,755)	12,648
Change in prepaid expenses	(1,013)	(767)
	(25,055)	8,976
Other:		
Contribution to pension fund	(11,973)	(17,261)
Payment of employee future benefits	(2,321)	(2,093)
	(14,294)	(19,354)
Cash provided by operating transactions	**19,459**	**30,449**
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(22,930)	(22,196)
Change in accounts payable & accrued liabilities	(152)	4,936
Cash applied to capital transactions	**(23,082)**	**(17,260)**
INVESTING TRANSACTIONS		
Change provided by/(applied to) long-term investments	727	(1,626)
Cash provided by/(applied to) investing transactions	**727**	**(1,626)**
FINANCING TRANSACTIONS		
Change in debt	4,800	(9,000)
Cash provided by/(applied to) financing transactions	**4,800**	**(9,000)**
INCREASE IN CASH AND CASH EQUIVALENTS	1,904	2,563
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	9,569	6,863
Change in unrealized foreign exchange – other for the period	413	143
CASH AND CASH EQUIVALENTS – END OF PERIOD	**11,886**	**9,569**

Notes to Financial Statements

1. NATURE OF OPERATIONS

a) Independent Electricity System Operator (IESO) is a not-for-profit, non-taxable corporation, created by statute effective on April 1, 1999 pursuant to Part II of the *Electricity Act, 1998*. As set out in the *Electricity Act, 1998*, the IESO operates pursuant to a licence granted by the Ontario Energy Board (OEB). The objects of the IESO as contained in the *Electricity Act, 1998* and amended, in the *Electricity Restructuring Act, 2004* and Ontario Regulation 452/06, are as follows:

- to exercise the powers and perform the duties assigned to the IESO under the *Electricity Restructuring Act, 2004*, the market rules and its licence;
- to enter into agreements with transmitters giving the IESO the authority to direct the operation of their transmission systems;
- to direct the operation and maintain the reliability of the IESO-controlled grid to promote the purposes of the *Electricity Restructuring Act, 2004*;
- to participate in the development, by any standards authority, of standards and criteria relating to the reliability of the transmission systems;
- to work with the responsible authorities outside Ontario to co-ordinate the IESO's activities with their activities;
- to collect and provide information to the Ontario Power Authority (OPA) and the public relating to the current and short-term electricity needs of Ontario and the adequacy and reliability of the integrated power system to meet those needs;
- to operate the IESO-administered markets to promote the purposes of the *Electricity Restructuring Act, 2004*;
- to plan, manage and implement the smart metering initiative or any aspect of the initiative;
- to oversee, administer and deliver the smart metering initiative or any aspect of the initiative; and
- to establish and enforce standards and criteria relating to the reliability of transmission systems.

b) The IESO was designated the Smart Metering Entity by Ontario Regulation 393/07 under the *Electricity Act, 1998* on March 28, 2007. The regulation came into effect on July 26, 2007.

The objects of the Smart Metering Entity (SME), as contained in the *Electricity Act, 1998*, are as follows:

- to plan and implement and, on an ongoing basis, oversee, administer and deliver any part of the smart metering initiative as required by regulation under this or any Act or directive made pursuant to sections 28.3 or 28.4 of the *Ontario Energy Board Act, 1998*, and, if so authorized, to have the exclusive authority to conduct these activities;
- to collect and manage and to facilitate the collection and management of information and data and to store the information and data related to the metering of consumers' consumption or use of electricity in Ontario, including data collected from distributors and, if so authorized, to have the exclusive authority to collect, manage and store the data;
- to establish, to own or lease and to operate one or more databases to facilitate collecting, managing, storing and retrieving smart metering data;

- to provide and promote non-discriminatory access, on appropriate terms and subject to any conditions in its licence relating to the protection of privacy, by distributors, retailers, the OPA and other persons,
    - i. to the information and data referred to above, and
    - ii. to the telecommunication system that permits the Smart Metering Entity to transfer data about the consumption or use of electricity to and from its databases, including access to its telecommunication equipment, systems and technology and associated equipment, systems and technologies
- to own or to lease and to operate equipment, systems and technology, including telecommunication equipment, systems and technology that permit the Smart Metering Entity to transfer data about the consumption or use of electricity to and from its databases, including owning, leasing or operating such equipment, systems and technology and associated equipment, systems and technologies, directly or indirectly, including through one or more subsidiaries, if the Smart Metering Entity is a corporation;
- to engage in such competitive procurement activities as are necessary to fulfill its objects or business activities;
- to procure, as and when necessary, meters, metering equipment, systems and technology and any associated equipment, systems and technologies on behalf of distributors, as an agent or otherwise, directly or indirectly, including through one or more subsidiaries, if the Smart Metering Entity is a corporation;
- to recover, through just and reasonable rates, the costs and an appropriate return approved by the Ontario Energy Board associated with the conduct of its activities; and
- to undertake any other objects that are prescribed by associated regulation.

c) The IESO is required to submit its proposed expenditures, revenue requirements, and fees for the coming year to the OEB for review and approval. The submission may be made only with the approval or deemed approval of the IESO business plan by the Minister of Energy (Minister).

d) Bill 14, *Building Opportunity and Securing Our Future Act (Budget Measures), 2014* received Royal Assent on July 24, 2014. Schedule 7 of the Bill amends the *Electricity Act, 1998* by amalgamating the IESO and the Ontario Power Authority ("OPA") and by continuing them as the IESO. The transitional provision, dealing with corporate matters, provides, among other things, that the predecessor IESO and OPA cease to exist as entities separate from the IESO and all their rights, properties and assets become the rights, properties and assets of the IESO, as do all outstanding debts, liabilities and obligations of the predecessor IESO and OPA. Schedule 7 of Bill 14 came into force on January 1, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of financial statement preparation

The accompanying financial statements have been prepared on a going concern basis and in accordance with Canadian public sector accounting standards and reflect the following significant accounting policies:

b) Revenue recognition

System fees earned by the IESO are based on approved rates for each megawatt of electricity withdrawn from the IESO-controlled grid (including scheduled exports) and embedded generation. System fees are recognized as revenue at the time the electricity is withdrawn. Rebates are recognized in the year in which the approved regulatory deferral account, before such rebates, exceeds regulated limits.

These financial statements do not include the financial transactions of market participants within the IESO-administered markets.

Other revenue represents amounts that accrue to the IESO relating to services the IESO performs and charges on a cost recovery basis, investment income on funds passing through market settlement accounts, as well as application fees. Such revenue is recognized as is earned.

Interest and investment income represents realized interest income and investment gains or losses on cash, cash equivalents, short-term investments and long-term investments.

Market sanctions represent funds received and payments disbursed related to penalties, damages, fines and payment adjustments arising from resolved settlement disputes.

c) Financial instruments

The IESO records cash and cash equivalents, investment portfolio, and foreign currency exchange forward contracts at fair value. The cumulative change in fair value of these financial instruments is recorded in accumulated surplus as remeasurement gains and losses and is included in the value of the respective financial instrument shown in the statement of financial position and the statement of remeasurement gains and losses. Upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations and all other gains and losses associated with the disposition of the financial instrument are recorded in the statement of operations. Transaction costs are charged to operations as incurred.

Cash and cash equivalents comprise cash, term deposits and other short-term, highly-rated investments with original maturity dates of less than 90 days.

The IESO records accounts receivable, accounts payable and debt at amortized cost.

d) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset. The IESO capitalizes applicable interest as part of the cost of tangible capital assets.

e) Assets under construction

Assets under construction generally relates to the costs of physical facilities, hardware and software, and includes costs paid to vendors, internal and external labour, consultants and interest related to funds borrowed to finance the project. Costs relating to assets under construction are transferred to tangible capital assets when the asset under construction is deemed to be ready for use.

f) Amortization

The capital cost of tangible capital assets in service is amortized on a straight-line basis over their estimated service lives.

The estimated service lives in years, from the date the assets were acquired, are:

Class	Estimated Average Service Life 2014	Estimated Average Service Life 2013
Facilities	38	38
Market systems and applications	4 to 12	4 to 10
Infrastructure and other assets	4 to 8	4 to 7
Meter data management/repository	10	10

Gains and losses on sales or premature retirements of tangible capital assets are charged to operations.

The estimated service lives of tangible capital assets are subject to periodic review. The effects of changes in the estimated lives are amortized on a prospective basis. The most recent review was completed in fiscal 2014.

g) Pension, other post-employment benefits and compensated absences

The IESO's post-employment benefit programs include pension, group life insurance, health care, long-term disability and workers compensation benefits.

The IESO accrues obligations under pension and other post-employment benefit (OPEB) plans and the related costs, net of plan assets. Pension and OPEB expenses and obligations are determined annually by independent actuaries using the projected benefit method and management's best estimate of expected return on plan assets, salary escalation, retirement ages of employees, mortality and expected health-care costs. The discount rate used to value liabilities is based on the expected rate of return on plan assets as at the measurement date of September 30.

The expected return on plan assets is based on management's long-term best estimate using a market-related value of plan assets. The market-related value of plan assets is determined using the average value of assets over three years as at the measurement date of September 30.

Pension and OPEB expenses are recorded during the year in which employees render services. Pension and OPEB expenses consist of current service costs, interest expense on liabilities, expected return on plan assets and the cost of plan amendments in the period. Actuarial gains/(losses) arise from, among other things, the difference between the actual rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligations. Actuarial gains/(losses) are amortized over the expected average remaining service life of the employees covered by the plan.

The expected average remaining service life of employees covered by the pension plans is 13 years (2013 – 13 years) and OPEB plans is 14 years (2013 – 14 years).

The IESO sick pay benefits accumulate but do not vest. The IESO accrues sick pay benefits based on the expectation of future utilization, and records the accrual within accounts payable and accrued liabilities.

h) Foreign currency exchange

Transactions denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on the date of the transaction. Items on the statement of financial position denominated in foreign currency are translated to Canadian dollars at the rate of exchange as of the financial statements date. The cumulative unrealized foreign currency exchange gains and losses of items continuing to be recognized on the statement of financial position are recorded in accumulated deficit as remeasurement gains and losses and shown in the statement of financial position and the statement of remeasurement gains and losses. Upon settlement of the item denominated in a foreign currency, the cumulative remeasurement gains and losses are reclassified to the statement of operations and all other gains and losses associated with the disposition of the financial instrument are recorded in the statement of operations.

i) Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements. The IESO's accounts which involve a greater degree of uncertainty include the carrying values of tangible capital assets, rebates to market participants, accrued pension liability, and accrual for employee future benefits other than pensions. Actual results could differ from those estimates.

3. LONG-TERM INVESTMENTS

Long-term investments in a balanced portfolio of pooled funds are valued by the pooled funds manager based on published price quotations and amount to $33,758 thousand (2013 – $31,683 thousand). As at December 31, the market value allocation of these long-term investments was 59.7% equity securities and 40.3% debt securities (2013 – 65.0% and 35.0% respectively).

Balanced portfolio of pooled funds

As at December 31 (in thousands of Canadian dollars)	2014	2013
	$	$
Opening balance	31,683	27,721
Purchase/(sale) of investments	(830)	1,508
Change in fair value	2,905	2,454
Closing balance	**33,758**	**31,683**

In addition to the balanced portfolio of pooled funds, the IESO has a long-term deposit with Canada Revenue Agency in the amount of $221 thousand (2013 – $118 thousand) pertaining to the Retirement Compensation Arrangements Trust (Note 6).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31 (in thousands of Canadian dollars)	2014	2013
	$	$
Relating to operations	18,856	17,020
Relating to tangible capital assets	7,006	7,158
	25,862	**24,178**

5. REBATES DUE TO MARKET PARTICIPANTS AND ACCUMULATED DEFICIT

In 2014, the IESO recognized $nil thousand in rebates due to market participants of system fees (2013 – $12,648 thousand). As at December 31, 2014 rebates due to market participants were $nil thousand (2013 – $25,755 thousand).

Historically, the IESO's approved regulatory deferral account balance is maintained at a maximum of $5.0 million. The 2014 approved regulatory deferral account balance will be established at the time of the 2015 rate case with the OEB, which is expected to be in the spring of 2015.

As at December 31, the components of the accumulated deficit were as follows:

Accumulated Deficit

As at December 31 (in thousands of Canadian dollars)	2014	2013
	$	$
Regulatory deferral account (a)	5,228	5,000
Accumulated market sanctions and payment adjustments (b)	(970)	706
Smart metering entity – accumulated deficit (c)	(60,879)	(78,745)
PSAB transition items (d)	(51,265)	(55,515)
Accumulated deficit – end of year	**(107,886)**	**(128,554)**

a) Approved Regulatory Deferral Account

As at December 31 (in thousands of Canadian dollars)	2014	2013
	$	$
Accumulated surplus – beginning of year	5,000	5,000
Revenues (before rebates due to market participants)	135,929	133,075
Rebates due to market participants	–	(12,648)
Wholesale market operation expenses	(128,364)	(118,422)
IESO – OPA amalgamation expenses	(5,305)	–
Change in accumulated remeasurement gains	2,218	2,597
Recovery of PSAB transition items	(4,250)	(4,602)
Accumulated surplus – end of year	**5,228**	**5,000**

b) Accumulated Market Sanctions and Payment Adjustments

As at December 31 (in thousands of Canadian dollars)	2014	2013
	$	$
Accumulated surplus – beginning of year	706	1,371
Market sanctions and payment adjustments	2,687	3,191
Customer education and market enforcement expenses	(4,363)	(3,856)
Accumulated surplus/(deficit) – end of year	**(970)**	**706**

c) Smart Metering Entity – Accumulated Deficit

As at December 31 (in thousands of Canadian dollars)	2014	2013
	$	$
Accumulated deficit – beginning of year	(78,745)	(82,358)
Smart metering charge	45,735	30,144
Smart metering expenses	(27,869)	(26,531)
Accumulated deficit – end of year	**(60,879)**	**(78,745)**

d) PSAB Transition Item – Accumulated Deficit

As at December 31 (in thousands of Canadian dollars)	2014	2013
	$	$
Accumulated deficit – beginning of year	(55,515)	(60,117)
Recovery of PSAB transition items	4,250	4,602
Accumulated deficit – end of year	**(51,265)**	**(55,515)**

Effective January 1, 2011, the IESO adopted Canadian public sector accounting standards (PSAB) with a transition date of January 1, 2010. The adoption of PSAB was accounted for by retroactive application with restatement of prior periods subject to the requirements in Section PS 2125, *First-time Adoption by Government Organizations*. The corresponding change to pension and other-post employment benefits resulted in previously unrecognized actuarial losses and past service costs of $60,617 thousand at the date of transition being charged to the accumulated deficit.

The IESO includes a portion of the accumulated deficit resulting from the PSAB transition items in the annual proposed expenditures to the OEB for recovery through system fees.

6. DEBT

Note payable to Ontario Electricity Financial Corporation (OEFC)

In April 2014, the IESO entered into a three-year note payable with the OEFC. The note payable is unsecured, bears interest at a fixed rate of 2.049% per annum and is repayable in full on April 30, 2017. Interest accrues daily and is payable in arrears semi-annually in April and October of each year. As at December 31, 2014, the note payable to the OEFC was $103.0 million (December 31, 2013 – $76.2 million).

For the year ended December 31, 2014, the interest expense on the note payable was $1,659 thousand (2013 – $1,630 thousand).

Credit facility

The IESO has an unsecured credit facility agreement with the OEFC, which will make available to the IESO an amount up to $95.0 million. Advances are payable at a variable interest rate equal to the Province of Ontario's cost of borrowing for a 30 day term plus 0.50% per annum, with draws, repayments and interest payments due monthly. The credit facility expires April 30, 2017. As at December 31, 2014, $33.0 million was drawn on the credit facility (December 31, 2013 – $46.0 million).

For the year ended December 31, 2014, the interest expense on the credit facility was $604 thousand (2013 – $700 thousand).

Retirement Compensation Arrangements Trust

In July 2013, the IESO established a Retirement Compensation Arrangements Trust (RCA) to provide security for the IESO's obligations under the terms of the supplemental employee retirement plan for its employees. As at December 31, 2014, the IESO has provided the RCA trustee with a bank letter of credit of $23,570 thousand (2013 – $26,825 thousand) the trustee can draw on if the IESO is in default under the terms of this plan.

7. POST-EMPLOYMENT BENEFIT PLANS

The IESO provides pension and other employee post-employment benefits, comprising group life insurance, long-term disability and group medical and dental plans, for the benefit of current and retired employees.

Pension plans

The IESO provides a contributory defined benefit, indexed, registered pension plan. In addition to the funded, registered, pension plan, the IESO provides certain non-registered defined benefit pensions through an unfunded, indexed, non-registered plan.

Other employee future benefits

The group life insurance, long-term disability and group medical and dental benefits are provided through unfunded, non-registered defined benefit plans.

Summary of accrued benefit obligations and plan assets

(in thousands of Canadian dollars)	2016 Pension Benefits	2015 Pension Benefits	2016 Other Benefits	2015 Other Benefits
	$	$	$	$
Accrued benefit obligation	452,488	443,382	69,127	62,640
Fair value of plan assets	458,250	390,304		
Funded status as of measurement date	5,762	(52,078)	(69,127)	(62,640)
Employee contributions/other benefits payments after measurement date	207	6,047	186	170
Unrecognized actuarial (gain)/loss	(39,313)	12,892	(11,073)	8,200
Accrued liability recognized in the statement of financial position	(33,344)	(33,139)	(79,014)	(74,469)

Registered pension plan assets

As at the measurement date of September 30, the proportion of the fair value of registered pension plan assets held in each asset class was as follows:

	2016	2015
Canadian equity securities	20.0%	20.0%
Foreign equity securities	40.7%	44.0%
Canadian debt securities	37.8%	35.1%
Cash equivalents	1.1%	0.7%
Forward foreign exchange contracts	(0.3%)	0.2%
	100.0%	100.0%

Principal assumptions used to calculate benefit obligations at the end of the year are determined at that time and are as follows:

	2016 Pension Benefits	2015 Pension Benefits	2016 Other Benefits	2015 Other Benefits
Discount rate at the end of the period	[illegible]	[illegible]	[illegible]	[illegible]
Rate of compensation increase	[illegible]	[illegible]	[illegible]	[illegible]
Rate of indexing	[illegible]	[illegible]	[illegible]	[illegible]

The assumed prescription drug inflation was [illegible] for 2016 grading down [illegible] per year to [illegible] in [illegible]. Dental costs are assumed to increase by [illegible] per year.

Benefit costs and plan contributions for pension and other plans are summarized as follows:

(in thousands of Canadian dollars)	2016 Pension Benefits	2015 Pension Benefits	2016 Other Benefits	2015 Other Benefits
	$	$	$	$
Current service cost (employer)	[illegible]	[illegible]	[illegible]	[illegible]
Interest cost	[illegible]	[illegible]	[illegible]	[illegible]
Expected return on plan assets	[illegible]	[illegible]	-	-
Amortization of net actuarial loss	[illegible]	[illegible]	[illegible]	[illegible]
Benefit cost	[illegible]	[illegible]	[illegible]	[illegible]

(in thousands of Canadian dollars)	2016 Pension Benefits	2015 Pension Benefits	2016 Other Benefits	2015 Other Benefits
	$	$	$	$
Employer contributions/other benefit payments	[illegible]	[illegible]	[illegible]	[illegible]
Plan participants' contributions	[illegible]	[illegible]	-	-
Benefits paid	[illegible]	[illegible]	[illegible]	[illegible]

The most recent actuarial valuation of the registered pension plan for funding purposes was at January 1, [illegible], and the date of the next required valuation is January 1, [illegible].

Principal assumptions used to calculate benefit costs for the year are determined at the beginning of the period and are as follows:

	2016 Pension Benefits	2015 Pension Benefits	2016 Other Benefits	2015 Other Benefits
Discount rate at the beginning of the period	[illegible]	[illegible]	[illegible]	[illegible]
Rate of compensation increase	[illegible]	[illegible]	[illegible]	[illegible]
Rate of indexing	[illegible]	[illegible]	[illegible]	[illegible]

8. TANGIBLE CAPITAL ASSETS

Net tangible capital assets consist of the following:

Tangible Capital Assets

(in thousands of Canadian dollars)	As at December 31, 2013	Additions	Disposals	As at December 31, 2014
	$	$	$	$
Facilities	50,603	–	(102)	50,501
Market systems and applications	250,098	5,715	(766)	255,047
Infrastructure and other assets	57,409	6,188	(15,465)	48,132
Meter data management/repository	32,608	2,826	–	35,434
Total cost	**390,718**	**14,729**	**(16,333)**	**389,114**

Accumulated Amortization

(in thousands of Canadian dollars)	As at December 31, 2013	Amortization Expense	Disposals	As at December 31, 2014
	$	$	$	$
Facilities	(18,564)	(1,285)	102	(19,747)
Market systems and applications	(224,841)	(10,032)	766	(234,107)
Infrastructure and other assets	(49,886)	(3,656)	15,465	(38,077)
Meter data management/repository	(17,261)	(4,542)	–	(21,803)
Total accumulated amortization	**(310,552)**	**(19,515)**	**16,333**	**(313,734)**

Net Book Value

(in thousands of Canadian dollars)	As at December 31, 2013	As at December 31, 2014
	$	$
Facilities	32,039	30,754
Market systems and applications	25,257	20,940
Infrastructure and other assets	7,523	10,055
Meter data management/repository	15,347	13,631
Total net book value	**80,166**	**75,380**
Assets under construction	11,470	19,671
Net tangible capital assets	**91,636**	**95,051**

In 2014, the impact of adjustments to management's estimates of remaining asset service lives was a decrease in amortization expense of $683 thousand (2013 - $nil thousand).

Interest capitalized to assets under construction during 2014 was $165 thousand (2013 – $44 thousand).

9. OTHER REVENUE

In its administration of the IESO-administered markets, the IESO directs the investment of market funds in highly-rated short-term investments throughout the settlement cycle. The IESO is entitled to receive the investment interest and investment gains, net of investment losses earned on funds passing through the real-time market settlement accounts. The IESO is not entitled to the principal on real-time market investments.

The IESO recognized investment income earned in the market settlement accounts of $1,724 thousand in 2014 (2013 – $1,386 thousand).

The IESO recognizes revenue as it is earned relating to services the IESO performs and charges on a cost recovery basis. Cost recovery revenue in 2014 was $1,814 thousand (2013 – $1,742 thousand).

10. SEGMENT DISCLOSURES

Expenses by object for 2014 are comprised of the following:

(in thousands of Canadian dollars)	Wholesale Market Operations 2014	IESO - OPA Amalgamation 2014	Customer Education and Market Enforcement 2014	Smart Metering Entity 2014	Total 2014
	$	$	$	$	$
Labour	84,573	2,755	2,592	2,909	92,829
Computer services, support and equipment	10,335	-	-	2,706	13,041
Contract services and consultants	6,386	847	1,677	16,169	25,079
Telecommunications	2,951	-	10	27	2,988
Other costs	7,772	1,703	84	198	9,757
Amortization	14,972	-	-	4,543	19,515
Interest expense and financing charges	1,375	-	-	1,317	2,692
Total expenses	**128,364**	**5,305**	**4,363**	**27,869**	**165,901**

Expenses by object for 2013 are comprised of the following:

(in thousands of Canadian dollars)	Wholesale Market Operations 2013	Customer Education and Market Enforcement 2013	Smart Metering Entity 2013	Total 2013
	$	$	$	$
Labour	76,165	2,591	2,634	81,390
Computer services, support and equipment	9,194	-	810	10,004
Contract services and consultants	7,309	1,244	17,650	26,203
Telecommunications	3,237	3	7	3,247
Other costs	7,274	18	33	7,325
Amortization	14,331	-	3,836	18,167
Interest expense and financing charges	912	-	1,561	2,473
Total expenses	**118,422**	**3,856**	**26,531**	**148,809**

11. CAPITAL DISCLOSURES

The IESO's primary objectives are to maintain and enhance the reliability of Ontario's power system, administer the wholesale electricity market, and serve the needs of market participants and stakeholders. In order to fulfill its mandate, the IESO receives fees from market participants (Note 1). The IESO has limited ability to accumulate a surplus from these fees.

The IESO submitted its proposed 2014 expenditures, revenue requirements, and fees to the OEB for review on November 4, 2013 after approval by the Minister. On May 22, 2014 the OEB approved the IESO's proposed expenditures, revenue requirements, and fees for 2014.

The IESO is also the SME and expects to fund its SME operating costs and capital investment in the meter data management/repository through fees from users of smart meters in Ontario. On March 28, 2013 the OEB approved that the Smart Metering Entity charge of $0.788 per month be levied and collected by the Smart Metering Entity from all distributors for each of their residential and general service less than 50 kilowatt customers. This charge is intended to cover the costs of developing and operating the MDM/R to date and until October 31, 2018. The rate was effective May 1, 2013.

12. RELATED PARTY TRANSACTIONS

The Province of Ontario is a related party as it is the controlling entity of the IESO. The OEFC, OPA, OEB, Hydro One and Ontario Power Generation Inc. (OPG) are related parties of the IESO, through the common control of the Province of Ontario. Transactions between these parties and the IESO were as follows:

The IESO holds a note payable and an unsecured credit facility agreement with the OEFC (Note 6). Interest payments made by the IESO in 2014 for the note payable was $1,545 thousand (2013 - $1,511 thousand) and for the credit facility was $671 thousand (2013 – $789 thousand). As of December 31, 2014 the IESO had an accrued interest payable balance with the OEFC of $364 thousand (2013 – $266 thousand).

The IESO provides support to the OPA's Demand Response program. In 2014, the IESO invoiced the OPA $74 thousand (2013 – $137 thousand) for services associated with these programs. As of December 31, 2014 the IESO had a net receivable balance with the OPA of $10 thousand (2013 – net payable balance due to invoice adjustments of $42 thousand).

Under the *Ontario Energy Board Act, 1998*, the IESO incurs registration and licence fees. The total of the transactions with the OEB were $604 thousand in 2014 (2013 – $612 thousand).

The IESO performed connection assessments and approvals for Hydro One in 2014. In 2014, the IESO invoiced Hydro One $437 thousand (2013 – $504 thousand). The IESO procures short circuit studies and protection impact assessments as part of connection assessments and approvals and meter services on IESO owned interconnected revenue meters from Hydro One. In 2014, the IESO incurred costs of $144 thousand (2013 – $522 thousand) for these services. As of December 31, 2014 the IESO had a net receivable balance with Hydro One of $121 thousand (2013 – $296 thousand).

In 2014, the IESO performed connection assessment and approvals for OPG and administered telecommunication services to market participants to connect to the real time market systems. In 2014, OPG was invoiced $54 thousand (2013 – $102 thousand). As of December 31, 2014 the IESO had a net receivable balance with OPG of $4 thousand (2013 – $96 thousand).

13. FINANCIAL RISK MANAGEMENT

The IESO is exposed to financial risks in the normal course of its business operations, including market risks resulting from volatilities in equity, debt, and foreign currency exchange markets, as well as credit risk and liquidity risk. The nature of the financial risks and the IESO's strategy for managing these risks has not changed significantly from the prior year.

a) Market Risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate to cause changes in market prices. The IESO is exposed to three types of market risk: currency risk, interest rate risk and equity risk. The IESO monitors its exposure to market risk fluctuations and may use financial instruments to manage these risks as it considers appropriate. The IESO does not use derivative instruments for trading or speculative purposes.

i) Currency Risk

The IESO conducts certain transactions in US dollars, primarily related to vendors' payments, and maintains a US dollar denominated bank account. From time to time, the IESO may utilize forward purchase contracts to purchase US dollars for delivery at a specified date in the future at a fixed exchange rate. In addition, the IESO utilizes US dollar spot rate purchases in order to satisfy any current accounts. As at December 31, 2014, the IESO did not have any outstanding forward purchase contracts.

ii) Interest Rate Risk

The IESO is exposed to movements or changes in interest rates primarily through its short-term variable rate credit facility, cash equivalents' securities, and long-term investments. Long-term investments include investments in a pooled Canadian bond fund. The potential impact to the securities' value had the prevailing interest rates changed by 25 basis points, assuming a parallel shift in the yield curve, with all other variables held constant is estimated at $0.5 million as at December 31, 2014 (2013 – $0.4 million).

iii) Equity Risk

The IESO is exposed to changes in equity prices through its long-term investments. Long-term investments include investments in pooled equity funds. A 30% change in the valuation of equities as at December 31, 2014 would have resulted in a change for the year (before the impact of adjustments to the approved regulatory deferral account (Note 5) of approximately $6.0 million (2013 – $6.2 million). The fair values of all financial instruments measured at fair value are derived from quoted prices (unadjusted) in active markets for identical assets.

b) Credit Risk

Credit risk refers to the risk that one party to a financial instrument may cause a financial loss for the other party by failing to meet its obligations under the terms of the financial instrument. The IESO is exposed directly to credit risk related to cash equivalents' securities and accounts receivable, and indirectly through its exposure to the long-term investments in a Canadian bond pooled fund. The IESO manages credit risk associated with cash equivalents' securities through an approved management policy which limits investments to investment grade investments with counterparty-specific limits. The accounts receivable balance as at December 31, 2014 included no material items past due and substantially all of the balance was collected within 30 days from December 31, 2014. The long-term Canadian bond pooled fund is comprised of primarily investment grade securities.

c) Liquidity Risk

Liquidity risk refers to the risk that the IESO will encounter financial difficulty in meeting obligations associated with its financial liabilities when due. The IESO manages liquidity risk by forecasting cash flows to identify cash flows and financing requirements. Cash flows from operations, short-term investments, long-term investments, and maintaining appropriate credit facilities help to reduce liquidity risk. The IESO's long-term investments are normally able to be redeemed within three business days however; the investment manager of the pooled funds has the authority to require a redemption in-kind rather than cash and has the ability to suspend redemptions if deemed necessary.

14. COMMITMENTS AND CONTINGENCIES

Operating commitments

The obligations of the IESO with respect to non-cancellable operating leases over the next five years are as follows:

As at December 31 (thousands of Canadian dollars)

	$
2015	2,290
2016	1,950
2017	1,644
2018	1,074
2019	-

The above figures include lease payments up to July 2017 which have also been included in the 2014 OPA-IESO amalgamation expense ($1,700 thousand).

Contingencies

The IESO is subject to various claims, legal actions, and investigations that arise in the normal course of business. While the final outcome of such matters cannot be predicted with certainty, management believes that the resolution of such claims, actions and investigations will not have a material impact on the IESO's financial position or results of operations.

LEGAL AID ONTARIO
AIDE JURIDIQUE ONTARIO

Management's Statement of Responsibility

The Management of Legal Aid Ontario is responsible for the preparation, presentation and integrity of the accompanying financial statements, Management's Discussion and Analysis and all other information contained in this Annual Report. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the judgements and best estimates necessary to prepare the financial statements in accordance with Canadian generally accepted accounting principles, with appropriate consideration to materiality. The significant accounting policies followed by Legal Aid Ontario are described in the financial statements.

Management has developed and maintains a system of internal control, business practices and financial reporting to provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is produced on a timely basis. Internal auditors, who are employees of Legal Aid Ontario, review and evaluate internal controls on management's behalf.

The Board of Directors of Legal Aid Ontario ensures that management fulfils its responsibilities for financial information and internal control through an Audit and Finance Committee. This Committee meets regularly with management and the auditor to discuss internal controls, audit findings and the resulting opinion on the adequacy of internal controls, and the quality of financial reporting issues. The auditors have access to the Audit and Finance Committee, without management present, to discuss the results of their work.

The accompanying financial statements have been examined by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditor's Report outlines the scope of the Auditor General's examination and opinion.

Robert W. Ward
President and
Chief Executive Officer

May 27 2015

Michelle Seguin
Chief Administrative Officer
and Vice President

May 27, 2015

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

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Independent Auditor's Report

To Legal Aid Ontario
and to the Attorney General of Ontario

I have audited the accompanying financial statements of Legal Aid Ontario, which comprise the balance sheet as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of Legal Aid Ontario as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Toronto, Ontario
May 27, 2015

Bonnie Lysyk, MBA, CPA, CA,
LPA Auditor General

Legal Aid Ontario
Balance Sheet

	March 31, **2015** ($000's)	March 31, 2014 ($000's)
ASSETS		
Current Assets		
Cash and cash equivalents	$ **15,627**	$ 24,648
Investments, short-term (Note 4)	**38,829**	24,758
Prepaid expenses and other assets	**1,981**	1,714
Client accounts receivable (Note 3(a))	**15,598**	16,762
Other receivables (Note 3(b))	**14,484**	18,795
	$ **86,519**	$ 86,677
Investments, long-term (Note 4)	**-**	3,900
Long-term client accounts receivable (Note 3(a))	**22,862**	21,886
Capital assets (Note 5)	**7,572**	5,190
TOTAL ASSETS	$ **116,953**	$ 117,653
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	$ **88,292**	$ 92,726
Deferred contributions (Note 7)	**6,600**	5,600
Deferred grants (Note 8)	**934**	2,388
Accrued pension liability (Note 12)	**1,237**	918
	$ **97,063**	$ 101,632
Contingency reserve (Note 13)	**6,400**	6,400
Net Assets		
Net accumulated surplus	$ **-**	$ 4,431
Internally restricted net assets (Note 9)	**13,490**	5,190
	13,490	9,621
TOTAL LIABILITIES AND NET ASSETS	$ **116,953**	$ 117,653

On behalf of the Board:

Chair

Legal Aid Ontario

Statement of Operations

For the year ended March 31	2015 ($000's)	2014 ($000's)
REVENUE		
Total government funding (Note 1(a))	$ 363,111	$ 350,235
The Law Foundation of Ontario (Note 8)	29,179	25,618
Client contributions	9,883	10,002
Client and other recoveries	763	1,123
Investment income (Note 4)	599	409
Miscellaneous income	632	660
TOTAL REVENUE	$ 404,167	$ 388,047
EXPENSES		
Client Programs		
Certificate Program		
Criminal - Big cases	$ 25,560	$ 25,560
Criminal - others	76,324	78,764
Sub-total	101,884	104,324
Family	49,837	45,245
Immigration and refugee	16,039	15,167
Other civil	5,781	5,422
Sub-total	173,541	170,158
Settlement conferences	137	85
Family law offices	7,928	6,444
Criminal law offices	1,331	755
Refugee law office	3,064	2,431
Articling students	2,466	2,190
Nishnawbe-Aski Legal Services Corporation	1,842	1,791
Certificates	190,309	183,854
Duty Counsel Program		
Duty counsel fees and disbursements	49,443	45,173
Expanded duty counsel	1,766	1,511
Sub-total	51,209	46,684
Clinic Program and Special Services		
Clinic law services (Note 10)	77,971	72,093
Student legal aid services societies	4,399	3,390
Clinic information management project	1,516	34
Sub-total	83,886	75,517
Service Innovation Projects		
Other	1,808	745
Sub-total	1,808	745

Legal Aid Ontario

Statement of Operations (Continued)

For the year ended March 31	2015 ($000's)	2014 ($000's)
EXPENSES (continued)		
Program Support		
Regional operations	2,311	1,887
District/Area office services	15,282	13,766
Client service centre	8,283	5,607
Sub-total	25,876	21,260
TOTAL CLIENT PROGRAMS	353,088	328,060
Service Provider Support		
Research facilities	3,599	3,365
Lawyers' services and payments	2,179	1,948
Sub-total	5,778	5,313
Administrative and Other Costs		
Provincial office	35,070	32,301
Amortization	2,413	1,915
Bad debts	3,949	6,306
Sub-total	41,432	40,522
TOTAL EXPENSES	$ 400,298	$ 373,895
Surplus of revenue over expenses for the year	$ 3,869	$ 14,152

Legal Aid Ontario

Statement of Changes in Net Assets

For the year ended March 31

($000's)	Internally restricted (Note 9(b))	Accumulated surplus (Note 1(c))	2015 Total	2014 Total
Net assets, beginning of year	$ 5,190	$ 4,431	$ 9,621	$ (4,531)
Surplus of revenue over expenses for the year	-	3,869	3,869	14,152
Transfer to internally restricted	8,300	(8,300)	-	-
Net assets, end of year	$ 13,490	$ -	$ 13,490	$ 9,621

Legal Aid Ontario

Statement of Cash Flows

For the year ended March 31	2015 ($000's)	2014 ($000's)
Cash provided by (used in)		
OPERATING ACTIVITIES		
Surplus of revenue over expenses for the year	$ 3,869	$ 14,152
Adjustments to reconcile surplus of revenue over expenses to net cash provided by operating activities:		
Amortization of capital assets	2,413	1,915
Employer pension contributions	(5,062)	(2,918)
Pension expense	6,381	3,170
Changes in non-cash balances:		
Client accounts receivable	1,164	1,330
Other receivables	4,311	711
Prepaid expenses and other assets	(267)	(367)
Accounts payable and accrued liabilities	(4,434)	1,322
Accrued interest on investments	(171)	(125)
Deferred contributions	1,000	3,850
Deferred grants	(1,454)	(30)
Long-term client accounts receivable	(970)	751
	$ 6,774	$ 23,761
INVESTING ACTIVITIES		
Purchase of investments	$ (10,000)	$ (16,400)
CAPITAL ACTIVITIES		
Purchase of capital assets	$ (4,795)	$ (2,222)
Net increase (decrease) in cash and cash equivalents during the year	(8,021)	5,139
Cash and cash equivalents, beginning of year	24,648	19,509
Cash and cash equivalents, end of year	$ 16,627	$ 24,648

Legal Aid Ontario

Summary of Significant Accounting Policies

March 31, 2015

NATURE OF OPERATIONS

On December 18, 1998, the Ontario Legislative Assembly enacted the *Legal Aid Services Act, 1998* whereby Legal Aid Ontario (the "Corporation") was incorporated without share capital under the laws of Ontario. The Corporation began operations on April 1, 1999 and is tax exempt under the *Income Tax Act* (Canada).

The *Legal Aid Services Act, 1998* establishes the following mandate for the Corporation:

- To promote access to justice throughout Ontario for low-income individuals by providing high quality legal aid services
- To encourage and facilitate flexibility and innovation in the provision of legal aid services
- To recognize the diverse legal needs of low-income individuals and disadvantaged communities
- To operate within a framework of accountability for the expenditure of public funds

The affairs of the Corporation are governed and managed by a Board of eleven Directors appointed by the Lieutenant Governor in Council. While the Corporation operates independently from the Province of Ontario and the Law Society of Upper Canada, it is accountable for the expenditure of public funds and for the provision of legal aid services in a manner that both meets the needs of low-income individuals and is cost-effective and efficient.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Public Sector Handbook ("PS") of the Chartered Professional Accountants of Canada Handbook supplemented by the standards for government not-for-profit organizations included in PS 4200 to PS 4270, which constitutes generally accepted accounting principles for government not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Legal Aid Ontario

Summary of Significant Accounting Policies

(Continued)

March 31, 2016

FINANCIAL INSTRUMENTS
Financial instruments are classified in one of the following categories (i) fair value or (ii) cost or amortized cost. The entity determines the classification of its financial instruments at initial recognition.

Investments reported at fair value consist of equity instruments that are quoted in an active market as well as investments in pooled funds and any investments in fixed income securities that the Corporation designates upon purchase to be measured at fair value. Transaction costs are recognized in the statement of operations in the period during which they are incurred. Investments at fair value are remeasured at their fair value at the end of each reporting period. Any revaluation gains and losses are recognized in the statement of remeasurement gains and losses and are cumulatively reclassified to the statement of operations upon disposal or settlement.

Investments in fixed income securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost using the straight-line method, less any provision for impairment.

All investment transactions are recorded on a trade date basis.

Other financial instruments, including client accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

REVENUE RECOGNITION
The Corporation follows the deferral method of accounting for contributions.

Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when initially recorded in the accounts if the amount to be received can be reasonably estimated and collection is reasonably assured. Due to uncertainty surrounding the amounts to be billed, client contributions are recognized as revenue when the Corporation accrues a lawyer's invoice on behalf of a client. Judgments, costs and settlements are recognized as revenue when awarded.

Investment income, which consists of interest, is recorded in the statement of operations as earned.

EXPENSE RECOGNITION
Expenses are recognized on an accrual basis. Certificate program costs include amounts billed to the Corporation by lawyers and an estimate of amounts for work performed by lawyers but not yet billed to the Corporation.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents consist of cash on hand and balances with banks plus highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value with original maturities of typically one year or less.

Legal Aid Ontario

Summary of Significant Accounting Policies (Continued)

March 31, 2015

CAPITAL ASSETS

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows:

Furniture and office equipment	- 5 years
Computer hardware	- 3 years
Enterprise-wide software	- 3-7 years
Leasehold improvements	- over the term of lease

EMPLOYEE BENEFIT PLANS

The Corporation accrues its obligations under a defined benefit employee plan and the related costs. The cost of post-employment benefits earned by employees is actuarially determined using the projected unit credit actuarial cost method prorated on service and management's best estimate assumptions. The cost of non-vesting sick leave benefits are also actuarially determined using management's best estimate assumptions. Actuarial gains (losses) are amortized on a straight-line basis over the estimated average remaining service period of the active employees. Past service costs are expensed when incurred. Liabilities are measured using a discount rate determined by reference to the Corporation's cost of borrowing.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates in the financial statements include the allowance for client accounts receivable; accruals related to legal work performed but not yet billed and accrued pension benefits.

Legal Aid Ontario

Notes to Financial Statements

March 31, 2015

1. Government Funding

Section 71 of the *Legal Aid Services Act, 1998* requires the Corporation and the Attorney General of Ontario to enter into a Memorandum of Understanding ("MOU") every five years. The purpose of the MOU is to clarify the operational, administrative, financial, and other relationships between The Ministry of the Attorney General ("MAG") and the Corporation.

The most recent MOU, was signed on November 12, 2014.

(a) The Corporation is economically dependent on the Province of Ontario, and contributions recognized from the Province were as follows:

	2015	2014
	($000's)	($000's)
Contributions	$ 363,111	$ 350,235

As part of the 2013 budget announcement in August 2013, the Province of Ontario provided the Corporation with funding of $30 million over a three-year period starting in 2013/14. This amount is to be used to enhance family law services and capacity in more communities and legal clinics. The 2014/15 portion of the $30 million was $10 million, of which $9 million was expended with a corresponding amount recognized in government funding revenue. Legal Aid Ontario (LAO) sought and was given approval by MAG to defer $1 million to 2014/15.

In the 2014 and 2015 provincial budgets, the Government of Ontario committed to provide more Ontarians with greater access to justice by increasing the Financial Eligibility threshold by 6% over four years. The first increase took place on November 1, 2014 with the next three increases effective April 1, 2015, 2016 and 2017. As a result, LAO received $6.4 million from the Province of Ontario in 2014/15 and the province has committed to increase funding by $31.5 million in 2015/16 and $48.8 million in 2016/17 and $67.0 million in 2017/18. LAO expensed $6.4 million and recognized a corresponding amount in government funding revenue.

(b) Included in contributions from the Province of Ontario for the year ended March 31, 2015 is an amount of $50.7 million (2014 - $51.1 million) representing an allocation of funds from a lump sum transfer by the Federal Government to the Province in connection with criminal law, the Youth Criminal Justice Act, Immigration and Refugee expenditures for unique pressures through a cost-sharing arrangement.

(c) Subsection 66(3) of the *Legal Aid Services Act, 1998* allows the Corporation to allocate any surplus or deficit in a fiscal year to either or both of the two subsequent fiscal years with the approval of the Attorney General, unless under Subsection 69(2) it is ordered by the Minister of Finance to pay its surplus into the Consolidated Revenue Fund.

2. Line of Credit

The line of credit of $5.0 million existing in 2014 has been cancelled at the beginning of fiscal year 2014-15 and no longer exists.

3. Accounts Receivable

(a) Client accounts receivable

The Corporation has a client contribution program for legal aid applicants who do not meet the Corporation's financial eligibility requirements for a non-contributory certificate. These applicants receive the assistance they need by entering into a contribution agreement, which they undertake to repay the Corporation over time for the services provided to them. Contribution agreements may include monthly payments and/or liens on property.

March 31, 2015 **($000's)**	**Total** **$**	**1-30 Days**	**31-60 Days**	**61-90 Days**	**Over 90 Days**
Client accounts receivable	**$ 70,868**	**$ 184**	**$ 800**	**$ 249**	**$ 69,635**
Less: impairment allowance	**(32,408)**	**(64)**	**(448)**	**(134)**	**(31,762)**
Net receivables	**$ 38,460**	**$ 120**	**$ 352**	**$ 115**	**$ 37,873**

March 31, 2014 ($000's)	**Total** **$**	**1-30 Days**	**31-60 Days**	**61-90 Days**	**Over 90 Days**
Client accounts receivable	$ 70,761	$ 131	$ 308	$ 406	$ 69,916
Less: impairment allowance	(32,113)	(54)	(130)	(181)	(31,748)
Net receivables	$ 38,648	$ 77	$ 178	$ 225	$ 38,168

	2015 **($000's)**	2014 ($000's)
Represented by		
Current (non-lien) client accounts receivable	**15,598**	16,762
Long-term (lien) client accounts receivable	**22,862**	21,886
	$ 38,460	$ 38,648

Legal Aid Ontario

Notes to Financial Statements (Continued)

March 31, 2015

(b) Other receivables

Other receivables are mainly composed of amounts due from the Law Foundation of Ontario, Canada Revenue Agency and both the Federal Department of Justice ("DOJ") and MAG for protocol cases.

March 31 2015 **($000's)**	**Total** **$**	**1-30 Days**	**31-60 Days**	**61-90 Days**	**Over 90 Days**
MAG protocol cases	$ 3,908	$ 1,329	$ -	$ -	$ 2,579
DOJ protocol cases	524	454	56	14	-
HST receivable	7,519	3,100	2,032	-	2,387
The Law Foundation of Ontario	2,061	2,061	-	-	-
Other receivables	472	472	-	-	-
Total other receivables	$ 14,484	$ 7,416	$ 2,088	$ 14	$ 4,966

March 31 2014 ($000's)	Total $	1-30 Days	31-60 Days	61-90 Days	Over 90 Days
MAG protocol cases	$ 4,752	$ 1,798	$ -	$ -	$ 2,954
DOJ protocol cases	479	276	-	203	-
HST receivable	9,991	4,840	2,507	101	2,543
The Law Foundation of Ontario	3,240	3,240	-	-	-
Other receivables	333	259	-	-	74
Total other receivables	$ 18,795	$ 10,413	$ 2,507	$ 304	$ 5,571

Legal Aid Ontario

Notes to Financial Statements (Continued)

March 31, 2015

4. Investments

	2015 **($000's)**	2014 ($000's)
Guaranteed investment certificates	$ **38,400**	$ 28,400
Accrued interest	**429**	258
	38,829	28,658
Investments, short-term	**38,829**	24,758
Investments, long-term	$ **-**	$ 3,900

The Corporation has developed an investment policy in accordance with the statutory requirements outlined in Sections 7(1), 7(2), 7(3) and 7(4) of Ontario Regulation 107/99 made under the *Legal Aid Services Act, 1998*. The Corporation's short-term and long-term investment policy is to invest in highly liquid investments in Canadian federal government securities, Canadian provincial government securities or other guaranteed investment certificates issued or guaranteed by Canadian financial institutions with a rating of A or above. The investments held by the Corporation as at March 31, 2015 are in compliance with the statutory requirements. There were no long-term investments held as at March 31, 2015 (2014 - $3.9 million). Of the total short-term investments of $38.4 million (2014 - $24.5 million), $3.9 million (2014 - $2.5 million) are at fixed interest rates and $34.5 million, (2014 - $22 million) are invested at variable interest rates.

The Corporation earned investment income of $0.599 million in 2015 (2014 - $0.409 million).

Legal Aid Ontario

Notes to Financial Statements (Continued)

March 31, 2015

5. Capital Assets

	2015 ($000's)		2014 ($000's)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and office equipment	**$ 271**	**$ 154**	$ 908	$ 808
Computer hardware	**5,019**	**2,360**	5,197	2,775
Leasehold improvements	**6,003**	**2,997**	5,086	2,418
Enterprise-wide software	**17,753**	**15,963**	15,628	15,628
	$ 29,046	**$ 21,474**	$ 26,819	$ 21,629
Net book value		**$ 7,572**		$ 5,190

6. Accounts Payable and Accrued Liabilities

	2015 ($000's)	2014 ($000's)
Legal accounts		
- accruals for billings received but not paid	**$ 20,185**	$ 17,997
- estimate of work performed but not yet billed	**57,054**	61,376
Rent inducements	**780**	1,002
Trade and other payables	**8,813**	11,357
Vacation pay	**1,460**	994
	$ 88,292	$ 92,726

Legal Aid Ontario

Notes to Financial Statements (Continued)

March 31, 2015

7. Deferred Contributions

The Corporation has received the following funds which have been deferred to future periods:

	2015 ($000's)	2014 ($000's)
Balance, beginning of year	$ **5,600**	$ 1,750
Provincial funding received (Note 1(a))	**10,000**	10,000
Amounts recognized as revenue	**(9,000)**	(6,150)
Balance, end of year	$ **6,600**	$ 5,600

8. Deferred Grants

The Corporation has received the following funds from the Law Foundation of Ontario for future projects:

	2015 ($000's)	2014 ($000's)
Balance, beginning of year	$ **2,388**	$ 2,418
Amounts recognized as revenue	**(1,454)**	(30)
Balance, end of year	$ **934**	$ 2,388

9. Internally Restricted Net Assets

(a) Annually, the Board of Directors determines the amount, if any, to be transferred between accumulated surplus (deficit) and internally restricted net assets. These internally restricted amounts are not available for other purposes without approval of the Board of Directors. Internally restricted net assets consist of the following:

	2015 ($000's)	2014 ($000's)
Invested in capital assets (Note 9(b))	$ **7,572**	$ 5,190
Internally restricted for the specialty clinic co-location project (Note 9(c) i)	**3,000**	-
Internally restricted for the unfunded component of the cost of the tariff increases (Note 9(c)ii))	**2,918**	-
	$ **13,490**	$ 5,190

Legal Aid Ontario

Notes to Financial Statements (Continued)

March 31, 2015

(b) Investment in capital assets represents the amount of net assets that are not available for other purposes because they have been used to fund the purchase of capital assets. Changes in net assets invested in capital assets during the year consist of the following:

	2015 **($000's)**	2014 ($000's)
Balance, beginning of year	**$ 5,190**	$ 4,883
Purchase of capital assets	**4,795**	2,222
Amortization	**(2,413)**	(1,915)
Balance, end of year	**$ 7,572**	$ 5,190
Represented by		
Capital assets (Note 5)	$ 7,572	$ 5,190

(c) (i) Amounts set aside by the Board of Directors in the amount of $3 million, which represent the restricted reserves to be used to pay for leasehold improvements related to the co-location of specialty clinics.

(ii) In 2010, MAG, LAO and Criminal Law Association entered into a MOU which included seven tariff increases of 5% over six years. MAG committed to fund the cost of these tariff increases up to $35.0 million, the amount is included in the original $60.0 million of new investment base funding provided to LAO. MAG and LAO committed to make best efforts to fund any costs in excess of this amount. LAO has already made best efforts. The total cost of these tariff increases which will be fully realized by LAO 2017/18 are estimated to be $49.0 million. MAG has notified LAO that as a result of the government's restraint, LAO needs to find the difference, approximately $14 million, within its existing allocation. As a result, the Board of Directors is setting aside $2.918 million as a restricted reserve to offset the future liability of this unfunded component of the cost of the tariff increases.

10. Clinic Law Services

The Corporation provides funding to community clinics, enabling them to provide poverty law services to the community they serve on a basis other than fee for service. The community clinics are organizations structured as corporations without share capital and are governed and managed by a board of directors. Community clinics are independent from, but accountable to, the Corporation under Sections 33 to 39 of the *Legal Aid Services Act, 1998*. Each community clinic is independently audited and is required to provide audited financial statements to the Corporation for the funding period.

The total funding to community clinics consists of direct funding transfers and the cost of centrally provided support services.

	2015 ($000's)	2014 ($000's)
Payments to and on behalf of clinics	**$ 77,971**	$ 72,093

11. Commitments and Contingencies

a. The Corporation issues certificates to individuals seeking legal aid assistance. Each certificate issued authorizes legal services to be performed within the tariff guidelines. As at March 31, 2015, management estimates that a potential $55.6 million (2014 - $59.4 million) of authorized legal services could still be incurred on certificates issued on or before March 31, 2015 over and above the billings received to date and management's estimate of work performed but not yet billed.

b. The Corporation leases various office premises and equipment throughout the Province. The rent and estimated operating costs are based on lease agreements and prior period information on operating costs for leases held over the next five years and thereafter as follows:

	Base Rent ($000's)	Operating Cost ($000's)	Total ($000's)
2016	$ 1,965	$ 2,449	$ 4,414
2017	1,729	2,252	3,981
2018	1,578	2,150	3,728
2019	810	1,117	1,927
2020	141	151	292
Thereafter	142	125	267
	$ 6,365	$ 8,244	$ 14,609

11. Commitments and Contingencies (continued)

c. The Corporation is the defendant in a number of lawsuits arising in the ordinary course and conduct of business. The outcome and ultimate disposition of these actions are not known; however, based on the claims made, we have estimated an amount of $0.429 million and have made the necessary provision. Some of the above lawsuits are covered by insurance after the application of a deductible of up to $50 thousand, depending on when the event of the claim occurred and the nature of the claim.

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12. Pensions

The Corporation has two pension plans providing retirement benefits for its employees. There are two components to the regular plan: a defined contribution and a defined benefit component. In addition, there is also a non-registered supplementary (executive) plan.

Defined Contribution Component

The defined contribution component of the plan covers 914 (2014 - 822) employees. The Corporation has a transition plan to get all employees' contributions to 9% of the employees' pensionable earnings; however, the existing rate varies between five and eight percent, depending on the contribution of the employees to the component of the plan. The Corporation's pension expense for the year relating to this component of the plan was $4.998 million (2014 - $2.821 million).

Defined Benefit Component

The defined benefit component of the plan covers a total of 17 employees; there are three active (2014 - four) participants and 14 retirees (2014 - 13). Actuarial gains (losses) are amortized on a straight-line basis over the estimated average remaining service period of the active employees, which is four years as at March 31, 2015 (2014 - five). Under this benefit plan, benefits at retirement are related to years of service and remuneration during the years of employment. The plan is subject to actuarial valuations for funding purposes at intervals of not more than three years. The actuarial valuation for the new three-year period starting January 1, 2014 was completed. The next actuarial valuation of the Plan for funding purposes will be prepared as at January 1, 2017. The Corporation makes pension contributions to this component of the plan in amounts recommended by the actuary.

The Corporation measures its accrued benefit obligation for accounting purposes as at March 31 of each year.

	2015 ($000's)	2014 ($000's)
Accrued benefit obligation	$ **3,620**	$ 3,597
Fund assets at market value	**4,305**	3,954
Funded status - plan surplus	**685**	357
Unamortized net actuarial loss	**(80)**	239
Accrued pension asset	$ **605**	$ 596

12. Pensions (continued)

The expense related to the Corporation's defined benefit component of the plan consists of the following:

	2015 ($000's)	2014 ($000's)
Current period benefit cost	$ 25	$ 26
Amortization of actuarial losses	48	67
Interest revenue	(19)	(10)
	$ 54	$ 83

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligation and benefit expense are as follows:

	2015	2014
Accrued benefit obligation		
Discount rate	5.25%	5.25%
Rate of compensation increase	3.00%	3.00%

	2015	2014
Benefit expense		
Discount rate	5.25%	5.00%
Expected long-term rate of return on plan assets	5.25%	5.00%
Rate of compensation increase	3.00%	3.00%

Other information about the defined benefit plan is as follows:

	2015 ($000's)	2014 ($000's)
Employer contributions	$ 63	$ 96
Employee contributions	10	11
Benefits paid	197	186

Legal Aid Ontario

Notes to Financial Statements (Continued)

March 31, 2015

12. Pensions (continued)

Supplementary Executive Benefit Plan

The Board of the Corporation has also approved the establishment of a supplementary pension benefit plan for a designated executive member. Under the supplementary pension benefit plan, benefits at retirement are related to years of service and remuneration during the years of employment. The plan is unfunded and the benefits will be paid by the Corporation as they become due. The accounting valuation for the unfunded retirement plan has been performed as at March 31, 2015.

The significant actuarial assumptions adopted in measuring the accrued benefit obligation and expense for the period are as follows:

	2015	2014
Discount rate	**4.00%**	4.00%
Inflation	**1.50%**	1.50%

The Corporation's pension expense for the year was $.328 million (2014 - $.286 million). The accrued benefit obligation and the accrued benefit liability as at March 31, 2015 was $1.842 million (2014 - $1.514 million). During the year, the Corporation made no payments to the plan.

	2015 ($000's)	2014 ($000's)
Accrued Pension Asset (Liability)		
Defined Benefit Plan	**$ 605**	$ 596
Supplementary Executive Benefit Plan	**(1,842)**	(1,514)
	$ (1,237)	$ (918)

Legal Aid Ontario

Notes to Financial Statements
(Continued)

March 31, 2015

13. Contingency Reserve

Section 66(4) of the *Legal Aid Services Act*, 1998, requires the Corporation to maintain a contingency reserve fund as prescribed by Section 6 of Ontario Regulation 107/99. This fund was established on April 1, 1999 with a balance of $20 million, which was funded by the Corporation. The Regulation also requires the Corporation to obtain advance approval from the Attorney General for any withdrawal beyond $5 million of this capital amount and for the Corporation to provide the reason why the withdrawal is needed, a schedule for repayment, and a statement of the Corporation's plans for preventing a similar need from arising in the future.

	2015 ($000's)	2014 ($000's)
Balance, beginning and end of year	$ 6,400	$ 6,400

14. Financial Instruments

The Corporation is exposed to various financial risks through transactions in financial instruments.

Credit risk
The Corporation is exposed to credit risk in connection with its accounts and other receivables and its fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

Liquidity risk
The Corporation is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation derives a significant portion of its operating revenue from the Ontario government and other funders with no firm commitment of funding in future years. To manage liquidity risk, the Corporation keeps sufficient resources readily available to meet its obligations.

Accounts payable mature within 21 days on certificates. The maturities of other financial liabilities are provided in notes to the financial statements related to these liabilities.

Interest rate risk
The Corporation is exposed to interest rate risk with respect to its investments held at variable interest rates.

Investments of $38.4 million (2014 – $22 million) have interest rates ranging from 1.05% to 1.70% with multiple maturity dates between April 2, 2014 and Jan 21, 2016. These interest rates vary with the Canadian prime rate; however, the risk is low as the prime rate has been stable over the past few years.

Legal Aid Ontario

Notes to Financial Statements
(Continued)

March 31, 2016

16. Comparative Figures

Certain comparative figures have been reclassified in order to conform with the current year's presentation.

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Management's Responsibility for the Financial Statements

May 26, 2015

The management of the Central Local Health Integration Network is responsible for the preparation and for the integrity and objectivity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Central Local Health Integration Network's financial position as at March 31, 2015 and the statements of financial operations, changes in net debt, and cash flows for the year then ended.

The financial statements have been prepared in compliance with legislation and in accordance with Generally Accepted Accounting Principles (GAAP) and Public Sector Accounting Board (PSAB) requirements.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that Central Local Health Integration Network's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Board of Directors carries out its responsibility for review of the financial statements through its Audit Committee. This committee meets with management and with external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Audit Committee with and without the presence of the management. The Board of Directors of the Central Local Health Integration Network has approved the financial statements.

The financial statements for the year ended March 31, 2015 have been audited and reported on by Deloitte and Touche LLP, independent external auditors appointed by the Board of Directors.

Karin Dschankilic
Senior Director, Performance , Contracts
and Chief Financial Officer

Kim Baker
Chief Executive Officer

Ontario
Local Health Integration
Network

Deloitte

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Independent Auditor's Report

To the Members of the Board of Directors of the
Central Local Health Integration Network

We have audited the accompanying financial statements of the Central Local Health Integration Network (the "LHIN"), which comprise the statement of financial position as at March 31, 2015, and the statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the LHIN as at March 31, 2015, and the results of its operations, change in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
May 26, 2015

Central Local Health Integration Network

Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	**264,873**	388,311
Due from Ministry of Health and Long-Term Care ("MOHLTC")	**11,373,653**	7,308,787
Accounts receivable	**94,063**	87,215
	11,732,589	7,784,313
Liabilities		
Accounts payable and accrued liabilities	**372,232**	393,418
Due to Health Service Providers ("HSPs")	**11,373,653**	7,308,787
Due to Ministry of Health and Long-Term Care ("MOHLTC") (Note 3)	**26,548**	135,006
Due to Central West LHIN (Note 4)	**16,882**	1,884
Due to the LHIN Shared Services Office (Note 4)	**2,168**	1,383
Deferred capital contributions (Note 5)	**116,470**	154,164
	11,907,953	7,994,642
Net debt	**(175,364)**	(210,329)
Commitments (Note 6)		
Non-financial assets		
Prepaid expenses	**58,894**	56,165
Tangible capital assets (Note 7)	**116,470**	154,164
	175,364	210,329
Accumulated surplus	**-**	-

Approved by the Board

Warren Jestin, Chair of the Board of Directors

Judy Cameron

Judy Cameron, Director and Audit Committee Chair

The accompanying notes to the financial statements are an integral part of these financial statements.

Central Local Health Integration Network

Statement of operations
year ended March 31, 2015

	Budget (Note 8)	2015 Actual	2014 Actual
	$	$	$
Revenue			
MOHLTC funding			
HSP transfer payments (Note 9)	1,886,294,000	1,949,997,048	1,886,989,082
LHIN Operations and Initiatives			
General and administrative	4,189,100	4,177,961	4,188,182
Emergency Room/Alternative Level of Care ("ER - ALC") Funding	-	98,477	100,000
Primary Care Lead	-	72,000	75,000
Aboriginal Initiative	10,000	3,598	10,000
Emergency Department Lead	-	72,000	72,000
French Language Health Services	106,000	91,695	102,769
Critical Care Lead	-	72,000	72,000
Enabling Technologies for Integration Project Management Office	-	389,118	392,193
Diabetes Strategy (Note 10)	909,900	904,713	818,228
Amortization of deferred capital contributions (Note 5)	-	52,733	62,007
Total LHIN Operations and Initiatives	5,215,000	5,934,295	5,892,379
	1,891,509,000	1,955,931,343	1,892,881,461
Expenses			
Transfer payments to HSPs (Note 9)	1,886,294,000	1,949,997,048	1,886,989,082
Operations			
General and administrative (Note 11)	4,189,100	4,177,961	4,188,182
ER - ALC funding (Note 10)	-	98,477	100,000
Primary Care Lead (Note 10)	-	72,000	75,000
Aboriginal Initiative (Note 10)	10,000	3,598	10,000
Emergency Department Lead (Note 10)	-	72,000	72,000
French Language Health Services (Note 10)	106,000	91,695	102,769
Critical Care Lead (Note 10)	-	72,000	72,000
Enabling Technologies for Integration Project Management Office (Note 10)	-	389,118	392,193
Diabetes Strategy (Note 10)	909,900	904,713	818,228
Amortization of tangible capital assets (Note 9)	-	52,733	62,007
	1,891,509,000	1,955,931,343	1,892,881,461
Annual surplus	-	-	-
Accumulated surplus, beginning of year	-	-	-
Accumulated surplus, end of year	-	-	-

The accompanying notes to the financial statements are an integral part of these financial statements.

Central Local Health Integration Network

Statement of change in net debt
year ended March 31, 2015

	2015 Actual	2014 Actual
	$	$
Annual surplus	**-**	-
Acquisition of tangible capital assets	**15,039**	27,999
Amortization of tangible capital assets	**(52,733)**	(62,007)
Change in other non-financial assets	**2,729**	23,157
Decrease in net debt	**(34,965)**	(10,851)
Net debt, beginning of year	**210,329**	221,180
Net debt, end of year	**175,364**	210,329

The accompanying notes to the financial statements are an integral part of these financial statements.

Central Local Health Integration Network

Statement of cash flows
year ended March 31, 2015

	2015 $	2014 $
Operating transactions		
Annual surplus	-	-
Less items not affecting cash		
Amortization of capital assets	(52,733)	(62,007)
Amortization of deferred capital contributions (Note 5)	52,733	62,007
	-	-
Changes in non-cash operating items		
Increase in due from MOHLTC	(4,064,866)	(3,561,984)
(Increase) decrease in accounts receivable	(6,848)	66,954
Decrease in accounts payable and accrued liabilities	(21,186)	(31,624)
Increase in due to Central West LHIN	14,998	1,884
Decrease in due to the MOHLTC	(108,458)	(454,602)
Increase in due to HSPs	4,064,866	3,561,984
Increase in due to the LHIN Shared Services Office	785	1,383
Increase in prepaid expenses	(2,729)	(23,157)
	(123,438)	(439,162)
Capital transaction		
Acquisition of tangible capital assets	(15,039)	(27,999)
Financing transaction		
Deferred capital contributions received (Note 5)	15,039	27,999
Net decrease in cash	(123,438)	(439,162)
Cash, beginning of year	388,311	827,473
Cash, end of year	264,873	388,311

The accompanying notes to the financial statements are an integral part of these financial statements.

Central Local Health Integration Network

Notes to the financial statements

March 31, 2015

1. Description of business

The Central Local Health Integration Network was incorporated by Letters Patent on June 2, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the Local Health System Integration Act, 2006 (the "Act") as the Central Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The mandate of the LHIN is to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The LHIN covers most of North York, York Region and South Simcoe. The LHIN enters into service accountability agreements with health service providers.

The LHIN has also entered into an accountability agreement with the Ministry of Health and Long Term Care ("MOHLTC"), which provides the framework for LHIN accountabilities and activities.

Commencing April 1, 2007, all funding payments to LHIN managed Health Service Providers have flowed through the LHIN's financial statements. Throughout the years, funding payments authorized by the LHIN to Health Service Providers, are recorded in the LHIN's Financial Statements as revenue from the MOHLTC and as transfer payment expenses to Health Service Providers.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the LHIN are as follows:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues and expenses in the fiscal year that the events giving rise to the revenues or expenses occur, and the revenues and expenses are earned or incurred and measurable. Through the accrual basis of accounting expenses include non-cash items, such as the amortization of tangible capital assets.

Ministry of Health and Long-Term Care Funding

The LHIN is funded by the Province of Ontario in accordance with the Ministry-LHIN Performance Agreement ("MLPA"), which describes budgetary arrangements established by the MOHLTC. The Financial Statements reflect funding arrangements approved by the MOHLTC. The LHIN cannot authorize payments in excess of the budgetary allocation set by the MOHLTC. Due to the nature of the Performance Agreement, the LHIN is economically dependent on the MOHLTC.

Transfer payment amounts to Health Service Providers are based on the terms of the Health Service Provider Accountability Agreements with the LHIN, including any amendments made throughout the year. During the year, the LHIN authorizes the transfer of cash to the Health Service Providers. The cash associated with the transfer payment flows directly from the MOHLTC and does not flow through the LHIN bank account.

LHIN Financial Statements do not include transfer payment funds not included in the Ministry-LHIN Performance Agreement.

Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. Significant accounting policies (continued)

Government transfers

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the transfer is authorized and all eligibility criteria have been met.

Transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work.

Deferred capital contributions

Amounts received that are used to fund capital asset purchases are recorded as deferred capital contributions and are recognized as revenue over the useful life of the asset. The amount recorded as revenue in the Statement of Operations is consistent with the amortization expense of the related capital asset.

Tangible capital assets

Expenses greater than $3,000 with a useful life longer than one year will be capitalized as assets and amortized. The value of the asset is determined on an individual basis, for example each software license, not on the total invoice value. Tangible capital assets are recorded at cost. Cost includes the purchase price of the asset and other acquisition costs such as design, construction, and duties. Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives as follows:

Computer equipment and development	3 years straight-line method
Leasehold improvements	Life of lease straight-line method
Office furniture and fixtures	5 years straight-line method

Use of estimates

The preparation of financial statements in conformity with Canadian Public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimate and assumptions include valuation of accrued liabilities and useful lives of the tangible capital assets. Actual results could differ from those estimates.

Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the Statement of Operations and within the related notes for both the prior and current year sufficiently disclose information of all appropriate segments and, therefore, no additional disclosure is required.

Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

3. Funding repayable to the MOHLTC

In accordance with the MLPA, the LHIN is required to be in a balanced position at year ed. Revenue has only been recognized to the extent that eligible expenses have been incurred. Thusany funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

Funding repayable to the MOHLTC is as follows:

				201	2014
	Funding received	Transferred to deferred capital contibution	Revenue recognized	Repayab	Repayable
	$	$	$		$
Transfer payments to HSPs	1,949,997,048	-	1,949,997,048	-	-
LHIN operations	4,189,122	10,827	4,177,961	33	285
Special program funding	1,344,908	4,611	1,314,483	25,81	130,912
Other recoveries	-	-	-	-	3,809
	1,955,531,078	15,438	1,955,489,492	26,14	135,006

4. Related party transactions

LHIN Shared Services Offices and LHIN Collaborative

In accordance with the Memorandum of Understanding between the MOHLTC and the LHIN, LHINs are required to centrally sourc: and share services for Legal Services, Audit Services, HR Srvices, IM & IT Infrastructure Development and Management and Management of Recorded Informatior The LHINS accordingly formed the LHIN Shared Services Office ("LSSO") as a division of the Toron Central LHIN. The cost of providing these services is allocated and charged to the LHINs. Any portion (the LSSO operating under paid by the LHIN at year end is recorded as a payable to the LSSO.

The LHIN Collaborative (LHINC) was formed in fiscal 2010 to strengthen relationships bween and among health service providers, associations and the LHINs, and to support system aligment. The cost of providing these services is allocated and charged to the LHINs. Any portion of the LHIC operating costs overpaid (or under paid) by the LHINs at year end, are recorded as a receivable (pyable) from (to) the LHINC.

During the year, the LHIN made payments to LSSO and LHINC of $400,872 (2014 - $43,018).

Enabling Technologies for Integration Project Management Office

Effective February 1, 2012, the LHIN entered into an agreement with Central, Central Wst, Central East, Toronto Central, Mississauga Halton and North Simcoe Muskoka (the "Cluster") inrder to enable the effective and efficient delivery of e-health programs and initiatives within the geograpic area of the Cluster. Under the agreement, decisions related to the financial and operating activities (the Enabling Technologies for Integration Project Management Office are shared. No LHIN is in a potion to exercise unilateral control.

The LHIN's financial statement reflects its share of the MOHLTC funding for Enabling Tehnologies for Integration Project Management Offices for its Cluster and related expenses. During the ear, the LHIN received funding from Central West LHIN of $389,118 (2014 - $382,193).

Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

5. Deferred capital contributions

	2015	2014
	$	$
Balance, beginning of year	**154,164**	188,172
Capital contributions received during the year	**15,039**	27,999
Amortization for the year	**(52,733)**	(62,007)
	116,470	154,164

6. Commitments

The LHIN has commitments under various operating leases as follows:

	Office space	Equipment	Total
	$	$	$
2016	324,076	5,928	330,004
2017	307,960	5,928	313,888
2018	317,327	988	318,315
2019	355,985	-	355,985
2020 and after	27,539	-	27,539

The LHIN enters into accountability agreements with Health Service Providers which include planned funding targets. The actual funding provided by the LHIN is contingent on the MOHLTC providing the funding.

7. Tangible capital assets

			2015	2014
	Cost	**Accumulated amortization**	**Net book value**	Net book value
	$	**$**	**$**	$
Office furniture and fixtures	**457,042**	**361,600**	**95,442**	131,665
Computer equipment	**23,126**	**20,447**	**2,679**	-
Leasehold improvements	**70,753**	**52,404**	**18,349**	22,499
	550,921	**434,451**	**116,470**	154,164

8. Budget figures

Budget amounts have been reported in the Statement of Operations to comply with PSAB reporting requirements and reflect the initial budget at April 1, 2014. The budgets were approved by the Government of Ontario.

	2015	2014
	$	$
LHIN total budget	**1,881,509,000**	1,807,659,100
Less Health Service Provider budget (a)	**(1,876,294,000)**	(1,802,164,100)
LHIN operating budget (b)	**5,215,000**	5,495,000

Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

8. Budget figures (continued)

a) Health Service Provider budget

	$
Initial HSP budget	1,886,294,000
Adjustments due to announcements made during the year	63,068,300
	1,949,362,300

The total budget by sector is as follows:	
Hospitals	1,191,284,500
Long Term Care Homes	336,819,300
Community Care Access Centres	282,209,900
Community Support Services	64,875,600
Community Health Centres	12,153,200
Community Mental Health and Addictions	62,019,800
Total budget	1,949,362,300

b) LHIN operating budget

	$
Initial budget as reported on the statement of operations	5,215,000
Additional funding received in year	725,000
Funding for capital asset purchased transferred to deferred capital contributions	(15,038)
Closing budget	5,924,962

9. Transfer payments to Health Service Providers

The LHIN authorized transfer payments of $1,949,997,049 (2014 - $1,866,989,052) to the following sectors:

	2015 $	2014 $
Hospitals	1,191,664,779	1,128,142,640
Long Term Care Homes	338,701,821	330,282,084
Community Care Access Centres	282,680,832	258,379,713
Community Support Services	64,891,279	60,252,415
Community Mental Health and Addictions	61,011,876	78,343,289
Community Health Centres	11,999,160	11,388,544
	1,949,997,049	1,866,989,052

Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

10. Operations of LHIN - Project Funds

The LHIN received funds for various initiatives listed in the Statement of Operations. The following table classifies the initiatives expenses by object:

	2015	2014
	$	$
Salaries and benefits	[illegible]	[illegible]
Professional services	[illegible]	[illegible]
Shared services	[illegible]	[illegible]
Occupancy	[illegible]	[illegible]
Public relations and community engagement	[illegible]	[illegible]
Supplies	[illegible]	[illegible]
Mail, courier and telecommunications	[illegible]	[illegible]
Other	[illegible]	[illegible]
	[illegible]	[illegible]

Diabetes strategy operational expenses included in the project fund expenses above are as follows:

	Budget 2015	Actual 2015	Actual 2014
	$	$	$
Salaries and benefits	[illegible]	[illegible]	635,702
Others	[illegible]	[illegible]	182,526
	[illegible]	[illegible]	818,228

11. General and administrative expenses

The Statement of Operations presents the expenses by function. The following table classifies the general and administrative expenses by object:

	2015	2014
	$	$
Salaries and benefits	[illegible]	[illegible]
Shared services	[illegible]	[illegible]
Occupancy	[illegible]	[illegible]
Supplies	[illegible]	[illegible]
Board expenses (see below)	[illegible]	[illegible]
Public relations and community engagement	[illegible]	[illegible]
Professional services	[illegible]	[illegible]
Consulting services	-	[illegible]
Mail, courier and telecommunications	[illegible]	[illegible]
Other	[illegible]	[illegible]
	[illegible]	[illegible]

Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

11. General and administrative expenses (continued)

Board expenses included in general operating expenses above include per diem costs and other Board expenses as follows:

	Budget 2015	Actual 2015	Actual 2014
	$	**$**	$
Board Chair per diem expense	**42,000**	**12,100**	31,500
Other Board members per diem expense	**32,000**	**25,275**	22,700
Governance costs and travel	**15,000**	**27,185**	36,980
	89,000	**64,560**	91,180

12. Pension agreements

The LHIN makes contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 29 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2015 was $345,197 (2014 - $313,872) for current service costs and is included as an expense in the 2014 Statement of Financial Operations. The last actuarial valuation was completed for the plan as of December 31, 2014. At that time, the plan was fully funded.

13. Guarantees

The LHIN is subject to the provisions of the Financial Administration Act. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favour of third parties, except in accordance with the Financial Administration Act and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the Local Health System Integration Act, 2006 and in accordance with s. 28 of the *Financial Administration Act*.

14. Comparative figures

Certain comparative numbers have been reclassified to conform to the current year presentation.

Central East **LHIN**

Responsibility for the Financial Statements

March 31, 2015

The integrity and objectivity of the accompanying financial statements of the Central East Local Health Integration Network ("the LHIN") is the responsibility of management. These financial statements have been prepared by management in compliance with legislation and in accordance with Canadian Generally Accepted Accounting Principles and, where appropriate, include amounts based on management's best estimates and judgments.

Management is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for the preparation of the financial statements. These systems are monitored and evaluated by management, the Audit Committee and Board of Directors.

Management meets with the external auditors and the Board of Directors to review the financial statements and discuss any significant financial reporting or internal control matters prior to approval of the financial statements.

The financial statements have been audited by Deloitte LLP, independent external auditors appointed by the Board of Directors.

Deborah Hammons

Deborah Hammons
Chief Executive Officer

Marco Aguila CHRP
Director, Corporate Services/Controller

Ontario
Local Health Integration Network
Réseau local d'intégration des services de santé

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Independent Auditor's Report

To the Members of the Board of Directors of the
Central East Local Health Integration Network

We have audited the accompanying financial statements of the Central East Local Health Integration Network (the "LHIN"), which comprise the statement of financial position as at March 31, 2015, and the statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the LHIN as at March 31, 2015, and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 24, 2015

Central East Local Health Integration Network

Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	**453,531**	672,385
Due from Ministry of Health and Long-Term Care ("MOHLTC") (Note 9)	**5,111,730**	14,644,300
Accounts receivable	**54,928**	46,133
Due from LHIN Shared Services Office ("LSSO") (Note 4)	**-**	7,266
	5,620,189	15,370,084
Liabilities		
Accounts payable and accrued liabilities	**435,373**	533,612
Due to LSSO (Note 4)	**5,116**	1,464
Due to Health Service Providers ("HSP") (Note 9)	**5,111,730**	14,644,300
Due to MOHLTC (Note 3b)	**81,715**	44,335
Due to Central West LHIN (Notes 3c, 4)	**25,892**	172,238
Deferred capital contributions (Note 5)	**169,513**	211,679
	5,829,339	15,607,628
Net debt	**(209,150)**	(237,544)
Commitments (Note 6)		
Non-financial assets		
Prepaid expenses	**39,637**	25,865
Tangible capital assets (Note 7)	**169,513**	211,679
	209,150	237,544
Accumulated surplus	**-**	-

Approved by the Board

_______________________ Director

_______________________ Director

The accompanying notes to the financial statements are an integral part of these financial statements.

Central East Local Health Integration Network

Statement of financial operations
year ended March 31, 2015

	Budget (Note 8)	2015 Actual	2014 Actual
	$	$	$
Revenue			
Ministry of Health and Long-Term Care ("MOHLTC") funding			
Health Service Provider ("HSP") transfer payments (Note 9)	2,171,798,277	2,211,843,510	2,207,469,168
Operations of LHIN	4,534,130	4,510,790	4,472,532
Project Initiatives			
Emergency Department ("ED") Lead (Note 10a)	-	75,000	75,000
Emergency Room/Alternative Level of Care (Note 10a)	-	100,000	100,000
Aboriginal Planning (Note 10a)	-	20,000	20,000
Enabling Technologies (Note 10a)	-	644,000	802,027
Critical Care (Note 10a)	-	75,000	75,000
French Language Services (Note 10a)	-	106,000	106,000
Diabetes & Vascular Health (Note 10b)	-	823,706	779,061
Diabetes & Vascular Health OT (Note 10b)	-	-	30,000
Physio Funding (Note 10a)	-	-	27,344
Primary Care (Note 10a)	-	75,000	75,000
Amortization of deferred capital contributions (Note 5)	-	83,101	124,356
	2,176,332,407	2,218,356,107	2,214,155,488
Funding repayable to the MOHLTC (Note 3a)	-	(107,607)	(216,573)
	2,176,332,407	2,218,248,500	2,213,938,915
Expenses			
Transfer payments to HSPs (Note 9)	2,171,798,277	2,211,843,510	2,207,469,168
General and administrative (Note 11)	4,534,130	4,584,508	4,586,844
Project Initiatives			
ED Lead (Note 10a)	-	73,706	72,000
ER/ALC (Note 10a)	-	100,000	91,753
Aboriginal Planning (Note 10a)	-	20,000	11,489
Enabling Technologies (Note 10a)	-	618,108	629,789
Critical Care (Note 10a)	-	72,000	72,000
French Language Services (Note 10a)	-	106,000	106,000
Diabetes & Vascular Health (Note 10b)	-	823,706	767,528
Diabetes & Vascular Health OT (Note 10b)	-	-	30,000
Physio Funding (Note 10a)	-	-	27,344
Primary Care (Note 10a)	-	6,962	75,000
	2,176,332,407	2,218,248,500	2,213,938,915
Annual surplus and accumulated surplus, end of year	-	-	-

The accompanying notes to the financial statements are an integral part of these financial statements.

Central East Local Health Integration Network

Statement of change in net debt
year ended March 31, 2015

	Budget	2015 Actual	2014 Actual
	$	$	$
Annual surplus	-	-	-
Acquisition of tangible capital assets	-	(40,935)	(123,833)
Amortization of tangible capital assets	-	83,101	124,356
Change in other non-financial assets	-	(13,772)	6,015
Decrease in net debt	-	28,394	6,538
Net debt, beginning of year	-	(237,544)	(244,082)
Net debt, end of year	-	(209,150)	(237,544)

The accompanying notes to the financial statements are an integral part of these financial statements.

Central East Local Health Integration Network

Statement of cash flows
year ended March 31, 2015

	2015	2014
	$	$
Operating transactions		
Annual surplus	-	-
Less items not affecting cash		
Amortization of tangible capital assets	83,101	124,356
Amortization of deferred capital contributions (Note 5)	(83,101)	(124,356)
	-	-
Changes in non-cash operating items		
Due from MOHLTC	9,532,570	(10,136,870)
Accounts receivable	(8,795)	(453)
Due from LHIN Shared Services Office ("LSSO")	7,266	33,001
Accounts payable and accrued liabilities	(98,239)	(7,541)
Due to LSSO	3,652	1,464
Due to HSPs	(9,532,570)	10,136,870
Due to the MOHLTC	37,380	(224,653)
Due to Central West LHIN	(146,346)	172,238
Prepaid expenses	(13,772)	6,015
	(218,854)	(19,929)
Capital transaction		
Acquisition of tangible capital assets	(40,935)	(123,833)
Financing transaction		
Capital contributions received (Note 5)	40,935	123,833
Net (decrease) increase in cash	(218,854)	(19,929)
Cash, beginning of year	672,385	692,314
Cash, end of year	453,531	672,385

The accompanying notes to the financial statements are an integral part of these financial statements.

Central East Local Health Integration Network

Notes to the financial statements
March 31, 2015

1. Description of business

The Local Health Integration Network was incorporated by Letters Patent on June 2, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the *Local Health System Integration Act, 2006* (the "Act") as the Central East Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The mandates of the LHIN are to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The Central East LHIN ("CE LHIN") is a mix of urban and rural geography and is the sixth-largest LHIN in land area in Ontario (16,673 km^2). In densely populated urban cities, suburban towns, rural farm communities, cottage country villages and remote settlements, the Central East LHIN stretches from Victoria Park to Algonquin Park. The neighbourhoods in our planning zones boast a rich diversity of community values, ethnicity, language and socio-demographic characteristics. The LHIN has also entered into an accountability agreement with the Ministry of Health and Long Term Care ("MOHLTC"), which provides the framework for LHIN accountabilities and activities.

The LHIN is funded by the Province of Ontario in accordance with the Ministry LHIN Performance Agreement ("MLPA"), which describes budget arrangements established by the MOHLTC. These financial statements reflect agreed funding arrangements approved by the MOHLTC. The LHIN cannot authorize an amount in excess of the budget allocation set by the MOHLTC. The LHIN assumed responsibility to authorize transfer payments to HSPs, effective April 1, 2007. The transfer payment amount is based on provisions associated with the respective HSP Accountability Agreement with the LHIN. Throughout the fiscal year, the LHIN authorizes and notifies the MOHLTC of the transfer payment amount; the MOHLTC, in turn, transfers the amount directly to the HSP. The cash associated with the transfer payment does not flow through the LHIN bank account.

The LHIN's financial statements do not include any MOHLTC managed programs.

The Central East LHIN is also funded by eHealth Ontario in accordance with the eHealth Ontario - LHIN Transfer Payment Agreement ("TPA"), which describes budget arrangements established by eHealth Ontario. These financial statements reflect agreed funding arrangements approved by eHealth Ontario. The Central East LHIN cannot authorize an amount in excess of the budget allocation set by eHealth Ontario.

Commencing April 1, 2007, all funding payments to LHIN managed health service providers in the LHIN geographic area, have flowed through the LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized Health Service Providers ("HSP") are expensed in the LHIN's financial statements.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the LHIN are as follows:

Central East Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. Significant accounting policies (continued)

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal year that the events giving rise to the revenues occur and they are earned and measurable, expenses are recognized in the fiscal year that the events giving rise to the expenses are incurred, resources are consumed, and they are measurable.

Through the accrual basis of accounting, expenses include non-cash items, such as the amortization of tangible capital assets.

Government transfer payments

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and the reasonable estimates of the amount can be made.

Certain amounts, including transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. In addition, certain amounts received are used to pay expenses for which the related services have yet to be performed. These amounts are recorded as payable to the MOHLTC at period end.

Funding payments to Health Service Providers in the LHIN geographic area flowed through the LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized Health Service Providers ("HSPs") are expensed in the LHIN's financial statements for the year ended March 31, 2015.

Deferred capital contributions

Any amounts received that are used to fund expenses that are recorded as tangible capital assets, are recorded as deferred capital contributions and are recognized as revenue over the useful life of the asset reflective of the provision of its services. The amount recorded under "revenue" in the Statement of Operations, is in accordance with the amortization policy applied to the related tangible capital asset recorded.

Tangible capital assets

Tangible capital assets are recorded at historic cost. Historic cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Fair value of contributed tangible capital assets is estimated using the cost of asset or, where more appropriate, market or appraisal values. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a capital asset are capitalized. Computer software is recognized as an expense when incurred.

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives as follows:

Computer equipment	3 years straight-line method
Leasehold improvements	Life of lease straight-line method
Office furniture and fixtures	5 years straight-line method
Web development	3 years straight-line method

For assets acquired or brought into use during the year, amortization is provided for a full year.

Central East Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. Significant accounting policies (continued)

Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the Statement of Operations and within the related notes for both the prior and current year sufficiently discloses information of all appropriate segments and, therefore, no additional disclosure is required.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimate and assumptions include valuation of accrued liabilities and useful lives of the tangible capital assets. Actual results could differ from those estimates.

3. Funding repayable to the MOHLTC

In accordance with the TPA, the Central East LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to the MOHLTC or to eHealth Ontario, respectively.

a) The amount repayable to the MOHLTC related to current year activities is made up of the following components:

			2015	2014
	Funding received	Eligible expenses	Excess funding	Excess funding
	$	$	$	$
Transfer payments to HSPs	2,211,843,510	2,211,843,510	-	-
LHIN operations	4,593,891	4,584,508	9,383	10,044
ER/ALC	100,000	100,000	-	8,247
ED/Lead	75,000	73,706	1,294	3,000
Critical Care	75,000	72,000	3,000	3,000
Aboriginal Planning	20,000	20,000	-	8,511
French Language Services	106,000	106,000	-	-
Primary Care Lead	75,000	6,962	68,038	-
Repayable directly to MOHLTC	2,216,888,401	2,216,806,686	81,715	32,802
Enabling technologies repayable to MOHLTC through Central West LHIN	644,000	618,108	25,892	172,238
	2,217,532,401	2,217,424,794	107,607	205,040

Central East Local Health Integration Network

Notes to the financial statements
March 31, 2015

3. Funding repayable to the MOHLTC (continued)

b) The amount due to the MOHLTC at March 31 is made up as follows:

	2015	2014
	$	$
Due to MOHLTC, beginning of year	44,335	200,000
Recovery by MOHLTC during the year	(44,335)	(200,000)
Funding repayable to the MOHLTC related to current year activities (Note 3a)	69,716	44,335
Due to MOHLTC, end of year	69,716	44,335

c) The LHIN's financial statement reflects its share of the MOHLTC funding for Enabling Technologies for Integration Project Management Offices for its Cluster and related expenses.

The following provides condensed financial information:

	2015	2014
	$	$
Revenue	644,280	802,027
Expenses	618,188	629,789
Accumulated surplus due to the Central West LHIN	26,092	172,238

4. Related party transactions

LHIN Shared Services Office, Local Health Integration Network Collaborative

The LHIN Shared Services Office (the "LSSO") and the Local Health Integration Network Collaborative (the "LHINC") are divisions of the Toronto Central LHIN and are subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LSSO and LHINC, on behalf of the LHINs are responsible for providing services to all LHINs. The full costs of providing those services are billed to all the LHINs. Any portion of the LSSO operating costs overpaid (or not paid) by the LHIN at the year end are recorded as a receivable (payable) from (to) the LSSO. This is all done pursuant to the shared service agreement the LSSO has with all LHINs.

Enabling Technologies for Integrated Project Management Office

Effective February 1, 2012, the LHIN entered into an agreement with Central, Central West, Central East, Toronto Central, Mississauga Halton and North Simcoe Muskoka (the "Cluster") in order to enable the effective and efficient delivery of e-health programs and initiatives within the geographic area of the Cluster. Under the agreement, decisions related to the financial and operating activities of the Enabling Technologies for Integration Project Management Office are shared. No LHIN is in a position to exercise unilateral control.

The LHIN's financial statement reflects its share of the MOHLTC funding for Enabling Technologies for Integration Project Management Office for its Cluster and related expenses. During the year, the LHIN received funding from the Central West LHIN of $644,280 (2014 - $802,027).

Central East Local Health Integration Network

Notes to the financial statements
March 31, 2015

5. Deferred capital contributions

	2015	2014
	$	$
Balance, beginning of year	211,079	[illegible]
Capital contributions received	[illegible]	[illegible]
Amortization	([illegible])	([illegible])
Balance, end of year	168,210	211,079

6. Commitments

The LHIN has commitments under various operating leases related to building and equipment. Lease renewals are likely. Minimum lease payments due to October 31, 2020 are as follows:

	$
2016	[illegible]
2017	[illegible]
2018	[illegible]
2019 and beyond	[illegible]
	[illegible]

The LHIN also has funding commitments to HSPs associated with accountability agreements. The Transfer Payment Planning Targets to HSPs based on the current accountability agreements are as follows:

	$
2016	[illegible]
2016	[illegible]

The actual amounts which will ultimately be paid are contingent upon actual LHIN funding received from the MOHLTC.

7. Tangible capital assets

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Office furniture and fixtures	[illegible]	[illegible]	[illegible]	[illegible]
Computer equipment	[illegible]	[illegible]	[illegible]	[illegible]
Web development	[illegible]	[illegible]	–	[illegible]
Leasehold improvements	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	168,210	211,079

Central East Local Health Integration Network

Notes to the financial statements
March 31, 2015

[illegible] Budget figures

The budgets were approved by the Government of Ontario. The budget figures reported in the Statement of Operations reflect the initial budget at April 1, 2014. The figures have been reported for the purposes of these statements to comply with PSAB reporting requirements. During the year the government approved budget adjustments. The following reflects the adjustments for the LHIN during the year.

The total HSP funding budget of $[illegible] is made up of the following:

	$
Initial HSP funding budget	[illegible]
Additional funding due to announcements made during the year	[illegible]
Total HSP funding budget	[illegible]

The total revised operating budget of $[illegible] is made up of the following:

	$
Initial budget as represented on the statement of financial activities	[illegible]
Additional funding received for one time initiatives	
ER/ALC	[illegible]
ED/Lead	[illegible]
Critical Care	[illegible]
Enabling Technologies	[illegible]
Aboriginal Planning	[illegible]
French Language Services	[illegible]
Diabetes & Vascular Health	[illegible]
Primary Care	[illegible]
Total budget	[illegible]

[illegible] Transfer payments to HSPs

The LHIN has authorization to allocate the funding of $[illegible] (2014 - $[illegible]) to the various HSPs in its geographic area. The LHIN approved transfer payments to the various sectors in 2015 as follows:

	2015	2014
	$	$
Operation of hospitals	[illegible]	[illegible]
Grants to compensate for municipal taxation - public hospitals	[illegible]	[illegible]
Long-term care homes	[illegible]	[illegible]
Community care access centres	[illegible]	[illegible]
Community support services	[illegible]	[illegible]
Assisted living services in supportive housing	[illegible]	[illegible]
Community health centres	[illegible]	[illegible]
Community mental health addictions program	[illegible]	[illegible]
Specialty psychiatric hospitals	[illegible]	[illegible]
Acquired brain injury	[illegible]	[illegible]
Grants to compensate for municipal taxation - psychiatric hospitals	[illegible]	[illegible]
	[illegible]	[illegible]

Central East Local Health Integration Network

Notes to the financial statements
March 31, 2015

9. Transfer payments to HSPs (continued)

The LHIN receives money from the MOHLTC and in turn allocates it to the HSPs. As a March 31, 2015, an amount of $5,111,730 (2014 - $14,644,300) was receivable from the MOHLTC and payable to HSPs.These amounts have been reflected as revenue and expenses in the statement of operations and are included in the table above.

10. Project Initiatives

The LHIN received funds for various project initiatives listed in the Statement of Operations. The following table classifies the initiatives expenses incurred by object:

a) *Initiatives Expenses*

	2015	2014
	$	$
Consulting services	152,668	252,054
Salaries and benefits	410,553	493,448
Public relations and community engagement	4,800	1,337
Meetings	1,548	1,297
Supplies and other	418,686	316,874
Mail, courier and telecommunications	1,260	826
Other	7,261	19,540
	996,776	1,085,376

b) *Diabetes & Vascular Health*

The LHIN received funding of $841,301 (2014 - $841,301, base and $30,000 one-time funding), of which $823,706 is included in the Statement of operations and $17,595 is included in Deferred capital contributions on the Statement of financial position. Expenses incurred of $823,706 are made up as follows:

	Budget 2015	Actual 2015	Actual 2014
	$	$	$
Salaries and benefits	841,301	692,582	539,126
Others	-	131,124	258,402
	841,301	823,706	797,528

In addition, capital asset purchases of $17,595 are included in tangible capital assets on the Statement of financial position.

Central East Local Health Integration Network

Notes to the financial statements
March 31, 2015

11. General and administrative expenses

The Statement of operations presents the expenses by function, the following classifies these same expenses by object:

	2015	2014
	$	$
Salaries and benefits	**3,406,786**	3,431,592
Occupancy	**320,410**	254,138
Amortization	**83,101**	124,356
Shared services	**444,449**	406,019
Community engagement	**14,905**	12,048
Consulting services	**50,129**	29,702
Supplies	**52,362**	131,616
Board member expenses	**106,627**	90,405
Mail, courier and telecommunications	**662**	1,922
Other	**105,177**	105,046
	4,584,608	4,586,844

Included in board member expenses are board per diems and expenses as follows:

	2015 Budget	**2015**	2014
	$	**$**	$
Board chair per diem expense	**50,000**	**36,750**	30,100
Other board members per diem expense	**74,000**	**49,550**	36,525
Governance costs and travel	**50,000**	**20,327**	23,780
Total expenses	**174,000**	**106,627**	90,405

12. Pension agreements

The LHIN makes contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 42 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2015 was $353,604 (2014 - $329,175) for current service costs and is included as an expense in the Statement of Operations. The last actuarial valuation of the plan was completed for the plan as of December 31, 2014. At that time, the plan was fully funded.

13. Guarantees

The LHIN is subject to the provisions of the *Financial Administration Act*. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favour of third parties, except in accordance with the *Financial Administration Act* and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the *Local Health System Integration Act, 2006* and in accordance with s. 28 of the *Financial Administration Act*.

14. Comparative figures

Certain comparative numbers have been reclassified to conform to the current year presentation.

Central West Local Health Integration Network (Central West LHIN)

Management Responsibility for Financial Information

Management and the Board of Directors are responsible for the financial statements and all other information presented in the Annual Report. The financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles and, where appropriate, include amounts based on Management's best estimates and judgment. Management is responsible for the integrity and objectivity of these financial statements. The financial information presented elsewhere in this Annual Report is consistent with that in the financial statements in all material respects.

The Central West Local Health Integration Network is dedicated to the highest standards of integrity in its business. To safeguard the Central West LHIN'S assets and assure the reliability of financial information, the Central West LHIN follows sound management practices and procedures, and maintains appropriate information systems and internal financial controls.

The Board of Directors ensures that Management fulfills its responsibilities for financial information and internal controls. The financial statements have been reviewed by the Central West LHIN Board Audit Committee and approved by the Board of Directors.

Deloitte & Touche LLP, the independent auditors appointed by the Board of Directors, have been engaged to conduct an examination of the financial statements in accordance with Canadian generally accepted auditing standards and have expressed their opinion on these statements. During the course of their audit, Deloitte & Touche LLP reviewed the LHINs system of internal controls to the extent necessary to render their opinion on the financial statements. The Auditor's Report outlines the scope of the Auditor's examination and opinion.

Scott McLeod
Chief Executive Officer

Brock Hovey
Senior Director, Health System Performance
May 27, 2015

Deloitte

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Independent Auditor's Report

To the Members of the Board of Directors of the
Central West Local Health Integration Network

We have audited the accompanying financial statements of Central West Local Health Integration Network, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central West Local Health Integration network as at March 31, 2015 and the results of its operations, changes in its net debt, and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
May 28, 2015

Central West Local Health Integration Network

Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	**706,145**	545,357
Accounts receivable		
Ministry of Health and Long-Term Care ("MOHLTC") - Health Service Providers ("HSP")	**6,781,259**	2,807,196
Due from other LHINs - Enabling Technologies for Integration (Note 3b)	**89,518**	230,414
Other	**78,356**	89,027
	7,655,278	3,671,994
Liabilities		
Accounts payable and accrued liabilities	**671,920**	496,537
Due to MOHLTC (Note 3c)	**214,830**	412,446
Due to HSP	**6,781,259**	2,807,196
Due to the LHIN Shared Services Office (Note 4)	**1,426**	958
Deferred capital contributions (Note 5)	**38,348**	60,909
	7,707,783	3,778,046
Net debt	**(52,505)**	(106,052)
Commitments (Note 6)		
Non-financial assets		
Prepaid expenses	**14,157**	45,143
Tangible capital assets (Note 7)	**38,348**	60,909
	52,505	106,052
Accumulated surplus	**-**	-

Approved by the Board

_______________ Director

_______________ Director

The accompanying notes to the financial statements are an integral part of these financial statements.

Central West Local Health Integration Network

Statement of operations
year ended March 31, 2015

	Budget (Note 8) $	2015 Actual $	2014 Actual $
Revenue			
MOHLTC funding			
Health Service Provider ("HSP") transfer payments (Note 9)	836,265,858	870,843,813	844,700,998
Operations of LHIN	4,181,828	4,130,791	4,172,928
Project Initiatives			
Enabling Technologies for Integration Project Management Office	-	3,060,000	3,416,000
French Language Services	106,000	106,000	106,000
ER/ALC Performance Lead	-	100,000	100,000
Emergency Department Lead	-	72,766	75,000
Aboriginal Health	7,500	7,500	7,500
Primary Care Lead	-	73,031	75,000
Critical Care Lead	-	72,750	75,000
Diabetes Regional Coordination	856,301	781,301	568,728
Physiotherapy Planning Funds	-	-	27,344
Amortization of deferred capital contributions (Note 5)	-	73,598	56,585
	841,417,487	879,321,550	853,381,083
eHealth-Enabling Technologies for Integration allocated to LHIN's (Note 3b)	-	(2,189,367)	(2,788,185)
Funding repayable to the MOHLTC (Note 3a)	-	(214,830)	(412,446)
	841,417,487	876,917,353	850,180,452
Expenses			
Transfer payments to HSPs (Note 9)	836,265,858	870,843,813	844,700,998
General and administrative (Note 11)	4,181,828	4,157,711	4,159,057
Project Initiative (Note 10)			
Enabling Technologies for Integration Project Management Office	-	759,535	357,262
French Language Services	106,000	104,870	78,367
ER/ALC Performance Lead	-	100,000	100,000
Emergency Department Lead	-	72,016	72,367
Aboriginal Health	7,500	6,610	1,718
Primary Care Lead	-	72,281	72,295
Critical Care Lead	-	72,000	72,000
Diabetes Regional Coordination	856,301	728,517	544,750
Physiotherapy Planning Funds	-	-	21,638
	841,417,487	876,917,353	850,180,452
Annual surplus	-	-	-
Accumulated surplus, beginning of year	-	-	-
Accumulated surplus, end of year	-	-	-

The accompanying notes to the financial statements are an integral part of these financial statements.

Central West Local Health Integration Network

Statement of changes in net debt
year ended March 31, 2015

	2015	2014
	$	$
Annual surplus	-	-
Acquisition of tangible capital assets	(51,037)	(8,899)
Amortization of tangible capital assets	73,598	56,585
Change in other non-financial assets	30,986	(32,786)
Decrease in net debt	53,547	14,900
Net debt, beginning of year	(106,052)	(120,952)
Net debt, end of year	(52,505)	(106,052)

The accompanying notes to the financial statements are an integral part of these financial statements.

Central West Local Health Integration Network

Statement of cash flows
year ended March 31, 2015

	2015	2014
	$	$
Operating transactions		
Annual surplus	-	-
Less items not affecting cash		
Amortization of capital assets	(73,598)	(56,585)
Amortization of deferred capital contributions (Note 5)	73,598	56,585
Changes in non-cash operating items		
Accounts receivable - MOHLTC	(3,974,063)	2,118,812
Due to the MOHLTC	(197,616)	(112,276)
Due to HSP's	3,974,063	(2,118,812)
Due from other LHINs	140,896	(16,063)
Accounts receivable - other	10,671	27,993
Prepaid expenses	30,986	(32,786)
Accounts payable	175,383	(22,373)
Due to the LHIN Shared Services Office	468	(12,318)
	160,788	(167,823)
Capital transaction		
Acquisition of capital assets	51,037	8,899
Financing transaction		
Deferred capital contributions (Note 5)	(51,037)	(8,899)
Net increase (decrease)in cash	160,788	(167,823)
Cash, beginning of year	545,357	713,180
Cash, end of year	706,145	545,357

The accompanying notes to the financial statements are an integral part of these financial statements.

Central West Local Health Integration Network

Notes to the financial statements
March 31, 2015

1. **Description of business**

The Central West Local Health Integration Network was incorporated by Letters Patent on June 9, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the Local Health System Integration Act, 2006 (the "Act") as the Central West Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The mandates of the LHIN are to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The LHIN covers Dufferin County, the northern portion of Peel Region, part of York Region, and a small part of the City of Toronto. The LHIN enters into service accountability agreements with service providers.

The LHIN is funded by the Province of Ontario in accordance with the Ministry LHIN Performance Agreement ("MLPA"), which describes budget arrangements established by the Ministry of Health and Long-Term Care ("MOHLTC") and provides the framework for the LHIN accountabilities and activities. These financial statements reflect agreed funding arrangements approved by the MOHLTC. The LHIN cannot authorize an amount in excess of the budget allocation set by the MOHLTC.

The LHIN assumed responsibility to authorize transfer payments to Health Services Providers ("HSP"), effective April 1, 2007. The transfer payment amount is based on provisions associated with the respective HSP Accountability Agreement with the LHIN. Throughout the fiscal year, the LHIN authorizes and notifies the MOHLTC of the transfer payment amount; the MOHLTC, in turn, transfers the amount directly to the HSP. The cash associated with the transfer payment does not flow through the LHIN bank account. Commencing April 1, 2007, all funding payments to LHIN managed HSPs in the LHIN geographic area, have flowed through the LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized HSPs are expensed in the LHIN's financial statements for the year ended March 31, 2015.

The LHIN statements do not include any MOHLTC managed programs.

2. **Significant accounting policies**

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the LHIN are as follows:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal year that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal year that the events giving rise to the expenses are incurred, and they are measurable. Through the accrual basis of accounting, expenses include non-cash items, such as the amortization of tangible capital assets.

Central West Local Health Integration Network

Notes to the financial statements

March 31, 2015

2. Significant accounting policies (continued)

Government transfer payments

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Certain amounts, including transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. In addition, certain amounts received are used to pay expenses for which the related services have yet to be performed. These amounts are recorded as payable to the MOHLTC at period end.

Funding payments to HSPs in the LHIN geographic area flowed through the LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized HSPs are expensed in the LHIN's financial statements for the year ended March 31, 2015.

Deferred capital contributions

Any amounts received that are used to fund expenses that are recorded as tangible capital assets, are recorded as deferred capital contributions and are recognized as revenue over the useful life of the asset reflective of the provision of its services. The amount recorded under "revenue" in the statement of operations, is in accordance with the amortization policy applied to the related tangible capital asset recorded.

Tangible capital assets

Tangible capital assets are recorded at historic cost. Historic cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Fair value of contributed tangible capital assets is estimated using the cost of asset or, where more appropriate, market or appraisal values. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software is recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives as follows:

Office furniture and fixtures	5 years straight-line method
Computer equipment	3 years straight-line method
Leasehold improvements	Life of lease straight-line method

For assets acquired or brought into use during the year, amortization is provided for a full year.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimate and assumptions include valuation of accrued liabilities and useful lives of the tangible capital assets. Actual results could differ from those estimates.

Central West Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. Significant accounting policies (continued)

Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the statement of operations and within the related notes for both the prior and current year sufficiently disclose information of all appropriate segments and, therefore, no additional disclosure is required.

3. Funding repayable to the MOHLTC and eHealth Ontario

In accordance with the MLPA and TPA, the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

a) The amount repayable to the MOHLTC related to current year activities is made up of the following components:

			2015	2014
	Funding received	Eligible expenses	Excess funding	Excess funding
	$	$	$	$
Transfer Payments to HSP's	870,840,913	870,840,913	-	-
LHIN Operations (Note 11)	4,204,389	4,157,711	46,678	70,456
Capital contribution (Note 11)	61,007	61,007	-	-
eHealth - Enabling Technologies for Integration (Note 10)	3,060,000	2,948,902	111,098	270,553
French Language Services (Note 10)	106,000	104,870	1,130	27,833
ER/ALC Performance Lead (Note 10)	100,000	100,000	-	-
Emergency Department Lead (Note 10)	72,700	72,018	682	2,833
Aboriginal Health (Note 10)	7,500	6,610	890	5,782
Primary Care Lead (Note 10)	73,031	72,281	750	2,705
Critical Care Lead (Note 10)	72,780	72,000	780	3,000
Diabetes Regional Co-ordination (Note 10)	791,381	728,617	62,764	23,978
Physiotherapy Planning Funds (Note 10)	-	-	-	5,706
	879,372,897	879,157,757	214,830	412,446

b) Enabling Technologies for Integration Project Management Office

Effective April 1, 2013, the LHIN entered into an agreement with Central, Central West, Central East, Toronto Central, Mississauga Halton and North Simcoe Muskoka (the "Cluster") in order to enable the effective and efficient delivery of e-health programs and initiatives within the geographic area of the Cluster. Under the agreement, decisions related to the financial and operating activities of the Enabling Technologies for Integration Project Management Office are shared. No LHIN is in a position to exercise unilateral control.

The Central West LHIN is designated the Lead LHIN within this agreement and as such holds the accountability over the distribution of the funds and manages the shared Project Management Office. In the event that the Cluster experiences a surplus the Lead LHIN is responsible for returning those funds to the MOHLTC. The total Cluster funding received for the year ended March 31, 2015 was $3,060,000 (2014 - $3,416,000).

Funding of $2,278,885 (2014 - $3,018,599) was allocated to other LHIN's within the cluster who incurred eligible expenses of $2,189,387 (2014 - $2,788,185). A summary of eHealth Enabling Technologies for Integration Funding and expenses for the cluster are as follows:

Central West Local Health Integration Network

Notes to the financial statements
March 31, 2015

5. **Funding repayable to the MOHLTC and eHealth Ontario (continued)**

b) eHealth - Enabling Technologies for Integration (continued)

The surplus from other LHINs is as follows:

			2015	2014
	Funding allocated	Eligible expenses	Excess funding	Excess funding
	$	$	$	$
Central West LHIN	[illegible]	[illegible]	[illegible]	[illegible]
Allocation to Other LHIN's				
Central LHIN	[illegible]	[illegible]	[illegible]	[illegible]
Central East LHIN	[illegible]	[illegible]	[illegible]	[illegible]
Toronto Central LHIN	[illegible]	[illegible]	-	-
Mississauga Halton LHIN	[illegible]	[illegible]	[illegible]	[illegible]
North Simcoe Muskoka LHIN	[illegible]	[illegible]	-	-
Total Other LHINs	[illegible]	[illegible]	[illegible]	[illegible]
Total All LHINs	[illegible]	[illegible]	[illegible]	[illegible]

c) The amount due to the MOHLTC at March 31 is made up as follows:

	2015	2014
	$	$
Due to MOHLTC, beginning of year	412,448	524,722
Funding repaid to MOHLTC prior year	(412,448)	(524,722)
Funding repayable to the MOHLTC related to current year activities (Note 5a)	[illegible]	412,448
Due to MOHLTC, end of year	[illegible]	412,448

6. **Related party transactions**

The LHIN Shared Services Office (the "LSSO") and the Local Health Integration Network Collaborative (the "LHINC") are divisions of the Toronto Central LHIN and are subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LSSO and LHINC, on behalf of the LHINs are responsible for providing services to all LHINs. The full costs of providing these services are billed to all the LHINs. Any portion of the LSSO operating costs overpaid (or not paid) by the LHIN at the year end are recorded as a receivable (payable) from (to) the LSSO. This is all done pursuant to the shared service agreement the LSSO has with all LHINs.

7. **Deferred capital contributions**

	2015	2014
	$	$
Balance, beginning of year	[illegible]	[illegible]
Capital contributions received during the year	[illegible]	[illegible]
Amortization for the year	[illegible]	[illegible]
Balance, end of year	[illegible]	[illegible]

Central West Local Health Integration Network

Notes to the financial statements
March 31, 2015

6. Commitments

The LHIN has commitments under various operating leases related to building and equipment ending in 2017. Lease renewals are likely. Minimum lease payments due in each of the next two years are as follows:

	$
2016	242,191
2017	246,518

The LHIN also has funding commitments to some HSPs associated with accountability agreements for fiscal 2015. Minimum funding for HSPs related to the next two years, based on the fiscal 2015 accountability agreements, and are as follows:

	$
2016	844,764,722
2017	844,764,722

The actual amounts which will ultimately be paid are contingent upon actual LHIN funding received from the MOHLTC.

7. Tangible capital assets

			2015	2014
	Cost	**Accumulated amortization**	**Net book value**	Net book value
	$	**$**	**$**	$
Office furniture and fixtures	**284,229**	**284,229**	**-**	9,418
Computer equipment	**111,214**	**77,189**	**34,025**	8,583
Leasehold improvements	**712,468**	**708,145**	**4,323**	42,908
	1,107,911	**1,069,563**	**38,348**	60,909

8. Budget figures

The budgets were approved by the Government of Ontario. The budget figures reported in the statement of operations reflect the final budget at April 30, 2014. The figures have been reported for the purposes of these statements to comply with PSAB reporting principles. During the year, the government approved budget adjustments. The following reflects the adjustments for the LHIN during the year:

The total HSP funding budget of $871,061,225 is made up of the following:

	$
Initial HSP funding budget	**836,265,858**
Adjustment due to announcements made during the year	**34,795,367**
Total HSP funding budget	**871,061,225**

Central West Local Health Integration Network

Notes to the financial statements
March 31, 2015

8. Budget figures (continued)

The total operating budget, excluding HSP funding, is made up of the following:

	$
Initial budget	
LHIN Operations	4,181,828
Aboriginal Funding	7,500
French Language Services	106,000
Diabetes Regional Co-ordination	856,301
In Year Surplus returned to MOHLTC	(75,000)
Adjustment due to announcements made during the year	
ER/ALC Performance Lead	100,000
ED LHIN Lead	75,000
Critical Care Lead	75,000
eHealth - Enabling Technologies for Integration	3,060,000
In Year Surplus returned to MOHLTC	(6,453)
Primary Care Lead	75,000
Amount treated as capital contributions made during the year	73,598
Total budget	8,528,774

9. Transfer payments to HSPs

The LHIN approved transfer payments to the various sectors in 2015 as follows:

	2015	2014
	$	$
Operation of Hospitals	**534,196,463**	525,342,510
Grants to compensate for Municipal Taxation - Public Hospitals	**96,975**	96,975
Long-Term Care Homes	**154,298,662**	150,094,501
Community Care Access Centres	**111,366,340**	104,175,929
Community Support Services	**13,956,703**	12,383,568
Assisted Living Services in Supportive Housing	**9,852,612**	8,182,096
Community Health Centres	**12,349,275**	12,099,866
Community Mental Health Addictions Program	**34,726,783**	32,325,553
	870,843,813	844,700,998

Central West Local Health Integration Network

Notes to the financial statements
March 31, 2015

10. Project Initiatives

The Central West LHIN received funds for various project initiatives listed in the Statement of Operations. The following table classifies the project initiative expenses by object:

	2015	2014
	$	$
Salaries and benefits	**1,355,470**	812,396
Professional services	**366,008**	409,668
Shared services	**94,468**	10,150
Occupancy	**35,354**	35,959
Public relations and community engagement	**36,988**	23,932
Supplies	**9,832**	6,328
Other	**17,709**	21,963
	1,915,829	1,320,396

Diabetes strategy operational expenses included in the project fund expenses above are as follows:

	Actual 2015	Actual 2014
	$	$
Salaries and benefits	**590,443**	462,494
Others	**138,074**	82,256
	728,517	544,750

Enabling Technologies for Integration Project Management Office expenses included above include both project management office and Central West LHIN expenses as follows:

Project Management Office expenses are as follows:

	Actual 2015	Actual 2014 *
	$	$
Salaries and benefits	**478,371**	-
Others	**66,862**	-
	545,233	-

* Prior Year PMO costs where distributed to the contributing LHIN's

Central West LHIN e-Health Enabling Technologies project expenses are as follows:

	Actual 2015	Actual 2014
	$	$
Salaries and benefits	**148,104**	223,988
Others	**66,198**	133,274
	214,302	357,262
Total E-health Enabling Technologies expenses for the Central West LHIN	**759,535**	357,262

Central West Local Health Integration Network

Notes to the financial statements
March 31, 2015

11. General and administrative expenses

The statement of operations presents expenses by function. The following classifies these same expenses by object:

	2015	2014
	$	$
Salaries and benefits	**2,908,190**	2,703,485
Occupancy	**234,811**	239,782
Amortization	**73,598**	56,585
Shared services	**328,153**	434,607
LHIN Collaborative	**39,018**	47,500
Consulting services	**75,143**	171,375
Professional Fees	**25,716**	26,286
Supplies	**119,509**	66,829
Board Chair remuneration	**48,300**	66,850
Board member remuneration	**57,600**	67,225
Board expenses	**50,353**	59,014
Mail, courier and telecommunications	**41,032**	65,222
Other	**156,288**	154,297
	4,157,711	4,159,057

12. Pension agreements

The LHIN makes contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 25 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2015 was $341,754 (2014 - $306,497) for current service costs and is included as an expense in the statement of operations. The last actuarial valuation was completed for the plan as at December 31, 2014. At that time, the plan was fully funded.

13. Guarantees

The LHIN is subject to the provisions of the Financial Administration Act. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favour of third parties, except in accordance with the Financial Administration Act and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the Local Health System Integration Act, 2006 and in accordance with s. 28 of the *Financial Administration Act*.

14. Comparative figures

Certain comparative numbers have been reclassified to conform to the current year presentation.

Champlain Local Health Integration Network

Report of Management

The management of the Champlain Local Health Integration Network (LHIN) is responsible for the preparation and presentation of the accompanying financial statements in conformity with Canadian public sector accounting standards. In preparing these financial statements, management selects appropriate accounting policies and uses its judgment and best estimates to ensure that the financial statements are presented fairly, in all material respects.

The LHIN maintains a system of internal accounting controls designed to provide reasonable assurance, at a reasonable cost, that assets are safeguarded and that transactions are executed and recorded in accordance with the LHIN's policies for doing business. This system is supported by written policies and procedures for key business activities; the hiring of qualified, competent staff; and by a continuous planning and monitoring program.

Deloitte LLP, the independent auditors appointed by the Board of Directors, have been engaged to conduct an audit of the financial statements in accordance with generally accepted auditing standards, and have expressed their opinions on these statements. During the course of their audit, Deloitte LLP reviewed the LHINs system of internal controls to the extent necessary to render their opinion on the financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control, and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Finance and Audit Committee. The Committee meets at least four times annually to review audited and unaudited financial information. Deloitte LLP has full and free access to the Finance and Audit Committee.

Management acknowledges its responsibility to provide financial information that is representative of the LHIN's operations, is consistent and reliable, and is relevant for the informed evaluation of the LHIN's activities.

Chantale LeClerc *Chief Executive Officer*	Eric Partington *Senior Director* *Health System Performance*

May 30, 2015

Deloitte

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Independent Auditor's Report

To the Members of the Board of Directors of the
Champlain Local Health Integration Network

We have audited the accompanying financial statements of the Champlain Local Health Integration Network (the "LHIN"), which comprise the statement of financial position as at March 31, 2015, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of LHIN as at March 31, 2015, and the results of its operations, change in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
May 27, 2015

Champlain Local Health Integration Network

Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	562,581	387,222
Accounts receivable		
MOHLTC Transfer Payments for Health Service Providers	17,026,323	8,769,918
Other	77,066	243,290
	17,665,970	9,400,430
Liabilities		
Accounts payable and accrued liabilities	587,964	497,777
Due to Health Service Providers	17,026,323	8,769,918
Due to MOHLTC (Note 3b)	97,071	184,880
Due to the LHIN Shared Services Office (Note 4)	10,521	4,532
Deferred capital contributions (Note 5)	167,733	187,690
	17,889,612	9,644,797
Net debt	(223,642)	(244,367)
Commitments (Note 15)		
Non-financial assets		
Prepaid expenses	55,909	56,677
Tangible capital assets (Note 6)	167,733	187,690
	223,642	244,367
Accumulated surplus	-	-

Approved by the Board

Jean-Pierre Boisclair, Board Chair

Marie Biron, Audit Committee Chair

Champlain Local Health Integration Network

Statement of operations
year ended March 31, 2015

		2015	2014
	Budget (Note 7)	**Actual**	Actual
	$	**$**	$
Revenue			
MOHLTC funding			
HSP transfer payments (Note 8)	**2,512,163,700**	**2,560,720,522**	2,540,467,597
LHIN Operations	**5,004,290**	**4,970,797**	5,125,843
Enabling Technologies (Note 10)	**2,040,000**	**2,040,000**	2,313,856
Enabling Technologies - Alternate Level of Care/RMR (Note 10)	-	-	232,000
Diabetes Regional Coordination (Note 11)	**788,301**	**763,230**	435,143
Project Initiatives			
Emergency Department Physician Lead (Note 12)	**75,000**	**75,000**	65,000
Aboriginal Engagement (Note 12)	**35,000**	**35,000**	35,000
Emergency Room/Alternate Level of Care (Note 12)	**100,000**	**100,000**	100,000
French Language Services (Note 12)	**106,000**	**106,000**	106,000
FLHS Reseau des services de sante en francais (Note 12)	**993,837**	**993,837**	993,837
Primary Care LHIN Lead (Note 12)	**75,000**	**75,000**	75,000
Critical Care LHIN Lead (Note 12)	**75,000**	**75,000**	75,000
Physiotherapy (Note 12)	-	-	27,333
Amortization of deferred capital contributions (Note 5)	-	**79,522**	124,245
	2,521,456,128	**2,570,041,908**	2,550,175,854
Enabling Technologies funding allocated to other LHIN's	**(1,530,000)**	**(1,530,000)**	(1,740,000)
Funding repayable to the MOHLTC (Note 3b and 3c)	-	**(97,071)**	(81,006)
	2,519,926,128	**2,568,414,837**	2,548,354,848
Expenses			
Transfer payments to HSPs (Note 8)	**2,512,163,700**	**2,560,720,522**	2,540,467,597
LHIN Operations (Note 9)	**5,004,290**	**4,986,740**	5,119,575
Enabling Technologies (Note 10)	**510,000**	**492,749**	560,410
Enabling Technologies - Alternative Level of Care/RMR (Note 10)	-	-	223,608
Diabetes Regional Coordination (Note 11)	**788,301**	**696,888**	401,341
Project Initiatives			
Emergency Department Physician Lead (Note 12)	**75,000**	**75,000**	61,628
Aboriginal Engagement (Note 12)	**35,000**	**30,840**	30,131
Emergency Room/Alternate Level of Care (Note 12)	**100,000**	**100,000**	100,000
French Language Services (Note 12)	**106,000**	**106,000**	106,000
FLHS Reseau des services de sante en francais (Note 12)	**993,837**	**993,302**	987,608
Primary Care LHIN Lead (Note 12)	**75,000**	**72,028**	72,117
Critical Care LHIN Lead (Note 12)	**75,000**	**73,246**	73,255
Physiotherapy (Note 12)	-	-	27,333
Amortization	-	**79,522**	124,245
	2,519,926,128	**2,568,414,837**	2,548,354,848
Annual and accumulated surplus, end of year	-	-	-

Champlain Local Health Integration Network

Statement of change in net debt
year ended March 31, 2015

	2015 Actual	2014 Actual
	$	$
Annual surplus	-	-
Acquisition of tangible capital assets	(50,865)	(58,249)
Amortization of tangible capital assets	78,822	124,245
Increase in prepaid expenses, net	768	(36,295)
Decrease in net debt	28,725	29,701
Net debt, beginning of year	(244,367)	(274,068)
Net debt, end of year	(215,642)	(244,367)

Champlain Local Health Integration Network

Statement of cash flows
year ended March 31, 2015

	2015	2014
	$	$
Operating transactions		
Annual surplus	-	-
Non-cash items		
Amortization of tangible capital assets	78,822	124,245
Amortization of deferred capital contributions (Note 5)	(78,822)	(124,245)
Changes in non-cash working capital		
Accounts receivable - MOHLTC HSP	(6,288,468)	(6,613,908)
Accounts receivable - Other	166,224	(173,613)
Accounts payable and accrued liabilities	80,167	(218,724)
Due to HSP	6,288,468	6,613,908
Due to MOHLTC	(87,000)	66,639
Due to LHIN Shared Services Office	8,000	(6,378)
Prepaid expenses	760	(38,295)
	175,309	(369,306)
Capital transaction		
Acquisition of tangible capital assets	(98,868)	(207,306)
Financing transaction		
Capital contributions received (Note 5)	98,868	58,243
Net change in cash	175,309	(517,381)
Cash, beginning of year	387,222	904,583
Cash, end of year	562,531	387,222

Champlain Local Health Integration Network

Notes to the financial statements

March 31, 2015

1. **Description of business**

The Champlain Local Health Integration Network was incorporated by Letters Patent on June 2, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the Local Health System Integration Act, 2006 (the "Act") as the Champlain Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished.

The LHIN is, and exercises its powers only as, an agent of the Crown. As an agent of the Crown, the LHIN is not subject to income taxation. Limits on the LHIN's ability to undertake certain activities are set out in both the Act and the Memorandum of Understanding between the LHIN and the Ministry of Health and Long-Term Care (the "MOHLTC").

The mandates of the LHIN are to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The LHIN covers Renfrew County, the City of Ottawa, Prescott & Russell, Stormont, Dundas & Glengarry, North Grenville and four parts of North Lanark. Most people live in the Ottawa area. Cornwall, Clarence-Rockland and Pembroke/Petawawa are also large communities. For more details, visit our website: www.champlainlhin.on.ca

The LHIN has also entered into an Accountability Agreement with the MOHLTC, which provides the framework for LHIN accountabilities and activities.

The LHIN is funded by the Province of Ontario in accordance with the Ministry LHIN Performance Agreement ("MLPA"), which describes budget arrangements established by the MOHLTC. These financial statements reflect agreed funding arrangements approved by the MOHLTC.

The LHIN assumed responsibility to authorize transfer payments to Health Service Providers ("HSP"), effective April 1, 2007.

The transfer payment amount is based on provisions associated with the respective HSP Accountability Agreement with the LHIN. The LHIN cannot authorize in excess of the budget allocation set by the MOHLTC. Throughout the fiscal year, the LHIN authorizes MOHLTC of the transfer payment amount; the MOHLTC, in turn, transfers the amount directly to the HSP. The cash associated with the transfer payment does not flow through the LHIN bank account. Commencing April 1, 2007 all funding payments to LHIN managed HSPs in the LHIN geographic area have flowed through the LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized HSPs are expensed in the LHIN's financial statements.

The LHIN statements do not include any Ministry managed programs.

2. **Significant accounting policies**

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the LHIN are as follows:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal year that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal year that the events giving rise to the expenses are incurred, resources are consumed, and they are measurable.

Through the accrual basis of accounting, expenses include non-cash items, such as the amortization of tangible capital assets.

Champlain Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. **Significant accounting policies (continued)**

Government transfer payments

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Certain amounts, including transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. In addition, certain amounts received are used to pay expenses for which the related services have yet to be performed. These amounts are recorded as payable to the MOHLTC at year end.

Deferred capital contributions

Any amounts received that are used to fund expenses that are recorded as tangible capital assets, are also recorded as deferred capital contributions and are recognized as revenue over the estimated useful life of the asset reflective of the provision of its services. The amortization revenue is in accordance with the amortization policy applied to the related tangible capital asset.

Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. The cost of contributed tangible capital assets is recorded at the estimated fair value on the date of contribution. Fair value of contributed tangible capital assets is estimated using the cost of the asset or, where more appropriate, market or appraisal values. Where an estimate of fair value cannot be made, the contributed capital asset would be recognized at nominal value.

Betterments or improvements that significantly increase or prolong the service life or capacity of a capital asset are capitalized. Software purchases, maintenance and repair costs are recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized, on a straight-line basis, over their estimated useful lives as follows:

Computer equipment	3 years
Computer software	3 years
Office furniture and fixtures	5 years
Leasehold improvements	Life of lease

For assets acquired or brought into use, during the year, amortization is provided for a full year.

Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the Statement of operations and within the related notes for both the prior and current year sufficiently disclose information of all appropriate segments and, therefore, no additional disclosure is required.

Use of estimates

The preparation of financial statements in conformity with public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accrued liabilities and useful lives of the tangible capital assets. Actual results could differ from those estimates.

Champlain Local Health Integration Network

Notes to the financial statements
March 31, 2015

3. Funding repayable to the MOHLTC

In accordance with the MLPA, the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

a) The amount repayable to the MOHLTC is related to the current year activities in the following programs:

	Funding received	Eligible expenses	Excess funding
	$	$	$
Transfer payments to HSPs	2,860,729,422	2,860,729,422	-
LHIN Operations	4,970,797	4,966,740	4,057
Amortization	78,622	78,622	-
Enabling Technologies	2,040,000	2,022,749	17,251
Emergency Department Physician Lead	75,000	75,000	-
Aboriginal Engagement	35,000	30,840	4,160
Emergency Room/Alternate Level of Care	100,000	100,000	-
French Language Services	106,000	106,000	-
FLHS Reseau des services de santé en français	993,837	993,302	535
Primary Care LHIN Lead	75,000	72,028	2,972
Critical Care LHIN Lead	75,000	73,246	1,754
Diabetes Regional Coordination	763,230	696,888	66,342
	2,870,041,908	2,869,944,837	97,071

b) The amount due to the MOHLTC at March 31 consists of:

	2015	2014
	$	$
Due to MOHLTC, beginning of year	184,880	118,181
Amount recovered during the year	(184,880)	(118,181)
Funding repayable to the MOHLTC related to current year activities	97,071	81,006
Funding repayable to the MOHLTC on behalf of the LHIN Enabling Technologies Cluster (other LHINs)	-	103,874
Due to MOHLTC, end of year	97,071	184,880

Champlain Local Health Integration Network

Notes to the financial statements
March 31, 2015

4. **Related party transactions**

The LHIN Shared Services Office ("LSSO") is a division of the Toronto Central LHIN and, as such, is subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LSSO is an administrative body that provides centralized Human Resources, information Technology, Legal and Finance support to all LHINs. The full costs of providing these services are billed to the LHINs. Any portion of the LSSO operating costs overpaid (or not paid) by the LHIN at the year end are recorded as a receivable from (payable to) the LSSO. This is all done pursuant to the Shared Service Agreement the LSSO has with all the LHINs. In addition, the LSSO periodically incurs expenses on behalf of the LHINs and charges the appropriate LHINs to recover these costs. The amount contributed by the LHIN to LSSO for fiscal 2015 was $351,662 (2014 - $351,662). These costs were shared by the LHIN Operations and Diabetes Regional Coordination Programs in fiscal 2015.

The LHIN Collaborative ("LHINC") was formed in fiscal 2010 to strengthen relationships between and among health service provider associations and the LHINs, and to support system alignment. LHINC is a LHIN-led organization and accountable to the LHINs. In the first year of operation, LHINC was funded by the LHINs with support from the MOHLTC. LHINC is a division of Toronto Central LHIN and as such is subject to the same policies, guidelines and directives as the Toronto Central LHIN. The amount contributed by the LHIN to LHINC for fiscal 2015 was $50,929 (2014 - $54,357). These costs were shared by the LHIN Operations and Diabetes Regional Coordination Programs in fiscal 2015.

5. **Deferred capital contributions**

	2015	2014
	$	$
Balance, beginning of year	187,690	253,686
Capital contributions from MOHLTC	58,565	58,249
Amortization for the year	(78,522)	(124,245)
Balance, end of year	167,733	187,690

In fiscal 2015 deferred capital contributions of $33,494 were recognized by the LHIN Operations and $25,071 by the Diabetes Regional Coordination programs for the purchase of tangible capital assets and leasehold improvements.

6. **Tangible capital assets**

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Computer equipment	128,202	128,202	-	2,338
Computer software	58,832	42,119	16,713	-
Office equipment	259,183	200,756	58,427	49,051
Furniture and fixtures	426,056	406,401	19,655	24,602
Leasehold improvements	1,351,908	1,278,970	72,938	111,699
	2,224,181	2,056,448	167,733	187,690

Champlain Local Health Integration Network

Notes to the financial statements
March 31, 2015

7. Budget

The budget figures reported on the Statement of operations comply with PSAB reporting requirements and reflect the initial budget approved by the Government of Ontario.

During the year the Government approves budget adjustments. The total funding budget is made up of the following:

			2015	2014
	Initial	Announcements	Total	Total
	$	$	$	$
HSP Transfer Payments	2,512,163,700	48,565,822	2,560,729,522	2,540,467,597
LHIN operations	5,004,290	-	5,004,290	5,131,790
Enabling technologies programs	510,000	-	510,000	580,000
Diabetes Regional Coordination	788,000	301	788,301	481,301
Other programs	1,459,837	-	1,459,837	1,709,170
	2,519,925,827	48,566,123	2,568,491,950	2,548,369,858

8. Transfer payments to HSPs

The LHIN has authorization to allocate funding to the various HSPs in its geographic area. The LHIN approved transfer payments to the various sectors in fiscal 2015 and 2014 as follows:

	2015	2014
	$	$
Operations of Hospitals	1,665,550,074	1,680,502,054
Grants to compensate for Municipal Taxation Public Hospitals	355,650	355,650
Long-Term Care Homes	343,116,927	331,778,452
Community Care Access Centres	229,244,648	220,375,673
Community Support Services	41,621,596	38,265,548
Acquired Brain Injury	2,543,148	2,321,035
Assisted Living Services in Supportive Housing	22,299,732	19,257,280
Community Health Centres	61,983,526	59,780,127
Community Mental Health Addictions Program	66,920,045	64,235,201
Addictions Program	23,782,533	23,064,339
Specialty Psychiatric Hospitals	100,801,345	98,973,012
Grants to compensate for Municipal Taxation Psychiatric Hospitals	28,425	28,425
	2,558,247,649	2,538,936,796
Long-Term Care Homes prior year settlements	2,481,873	1,530,801
	2,560,729,522	2,540,467,597

Champlain Local Health Integration Network

Notes to the financial statements
March 31, 2015

9. LHIN Operations

The MOHLTC provides funds to the LHIN to cover personnel costs, project and program costs, as well as lease and office related costs. The funds are also used to subsidize the LHIN Shared Services Office as well as LHIN Collaborative (see Note 4). The expenses incurred are as follows:

	2015	2014
	$	$
Program based		
Salary and benefits	3,776,683	3,987,898
Consulting and LHIN-based projects	27,624	17,771
Other program costs	232,866	215,351
	4,037,173	4,221,020
Occupancy	400,874	330,055
LHIN Shared services	305,244	276,266
LHIN Collaborative	44,641	42,703
Governance per diems	67,793	99,188
Office equipment and supplies	86,111	108,433
Other	24,904	41,910
	4,966,740	5,119,575
Amortization	57,956	112,035
	5,024,696	5,231,610

Governance costs

Included in the above LHIN Operations results are costs to support the activities of the Board of Directors such as administrative support, travel, community engagement meetings, and other general costs. The expenses incurred are as follows:

	2015	2014
	$	$
Chair per diems	38,475	33,863
Other Board member per diems	29,318	65,325
Other	21,591	48,530
	89,384	147,718

Champlain Local Health Integration Network

Notes to the financial statements
March 31, 2015

10. Enabling Technologies for Integration Project Management Office and related programs

Enabling Technologies

In fiscal 2015, the LHIN entered into an agreement with the South East, North East and North West LHINs (the "Cluster") in order to enable the effective and efficient delivery of e-health programs and initiatives within the geographic area of the Cluster. Funding was provided to enable the cluster LHIN Project Management Offices to advance eHealth, information management and information technology initiatives as outlined in the ETI PMO Toolkit Business Case approved by the MOHLTC.

The Champlain LHIN is designated the Lead LHIN with this agreement and as such holds the accountability over the distribution of the funds and manages the shared Project Management Office. In the event that the Cluster experiences a surplus the Lead LHIN is responsible for returning those funds to the MOHLTC. The total Cluster funding received for the year ended March 31, 2015 was $2,040,000 (2014 - $2,320,000).

Funding of $1,530,000 (2014 - $1,746,144) was allocated to other LHIN's within the cluster who incurred eligible expenses of $1,530,000 (2014 - $1,652,270). A summary of Enabling Technologies funding and expenses are as follows:

			2015	2014
	Funding allocated	Eligible expenses	Excess funding	Excess funding
	$	$	$	$
Champlain LHIN	510,000	492,749	17,251	13,446
South East LHIN	510,000	510,000	-	4,346
North East LHIN	510,000	510,000	-	-
North West LHIN	510,000	510,000	-	99,528
	2,040,000	2,022,749	17,251	117,320

Expenses incurred by the LHIN are:

	2015	2014
	$	$
Salaries and benefits	449,614	472,522
Consulting services	-	-
Other program costs	43,135	87,889
	492,749	560,410
Amortization	1,313	1,313
	494,062	561,723

Alternate Level of Care Resource Matching and Referral

RM&R is an electronic information and referral system that matches patient/clients to the earliest available services that best meet their individual needs. RM&R improves the patient/client experience and is designed to ensure all individuals have equitable access to safe and high quality services. RM&R was a one-time project that was completed by end of fiscal 2014. Expenses incurred were as follows:

	2015	2014
	$	$
Salaries and benefits	-	204,564
Consulting services	-	(2,300)
Other program costs	-	21,344
	-	223,608

Champlain Local Health Integration Network

Notes to the financial statements
March 31, 2015

11. Diabetes Regional Coordination

In 2009 the MOHLTC established a Diabetes Regional Coordination Centre in each LHIN to support the goals of the Ontario Diabetes Strategy. These goals include: the identification of regional and local service needs, the engagement of primary care and other diabetes service providers across the region to facilitate the adoption of standards and best practices, and the coordination of regional services for adults with pre-diabetes and diabetes to support a more integrated system. In February 2013, the operational mandate, functions and funding for the delivery of this program were transferred to the LHIN. Expenses incurred are as follows:

	2015	2014
	$	$
Salaries and benefits	**499,068**	291,835
Other program costs	**197,820**	109,506
	696,888	401,341
Amortization	**19,253**	10,896
	716,141	412,237

12. Operations of LHIN - Project Initiatives

Emergency Department Physician Lead

Since fiscal 2008 the MOHLTC has worked closely with the LHINs, Ontario hospitals and healthcare professionals to implement a comprehensive Emergency Department Strategy. To support the improvements required by this strategy, the MOHLTC and the LHIN jointly retained an Emergency Department Physician Lead. The funds received have been used to compensate the Physician Lead and to cover related business expenses.

Aboriginal engagement

The MOHLTC provided funding for Aboriginal community engagement. The LHIN allocated the funds to support the Aboriginal Health Circle Forum and community engagement activities to improve Aboriginal health across the region.

Emergency Room/Alternate Level of Care Performance Lead (ER/ALC)

Improving Emergency Department wait times and reducing hospital ALC days are key provincial priorities. The LHIN received funds to hire a staff resource to implement the ER/ALC Overarching Plan and the ER Pay for Results Action Plan, and to advance the implementation of a standard performance management approach.

French Language Health Services (FLHS) Program

The objectives of the FLHS Program are to improve access to quality health services for Francophones of the Champlain region as well as to support the LHIN in meeting its legal obligations (under the French Language Services Act (FLSA) and the Local Health System Integration Act (LHSIA)) and in implementing provincial priorities with respect to French Language Services at the regional and local levels.

Champlain Local Health Integration Network

Notes to the financial statements
March 31, 2015

12. Operations of LHIN - Project Funds (continued)

FLHS Réseau des services en français

Following the adoption of the LHSIA in 2006, the MOHLTC prescribed the Réseau des services de santé en français de l'Est de l'Ontario as the French Language Health Planning Entity (FLHPE) for the Champlain and South East LHINs. In March 2011, the Champlain and South-East LHINs and the Réseau entered a five-year funding and accountability agreement. This Agreement defines the respective roles and responsibilities of all 3 parties relating to the provision of advice by the Entity on the engagement of the Francophone community in the planning for and integration of health services that reflect the health needs and priorities of the Francophone communities.

Primary Care LHIN Lead

The LHIN received funding for a Primary Care Physician Lead who has a mandate to facilitate linkages between the primary care sector and the LHIN and lead specific initiatives with primary care in an effort to improve health system outcomes within the Champlain region. These initiatives will help to advance health system integration and contribute to improvements in LHIN performance measures.

Critical Care LHIN Lead

The Critical Care project, which began in 2011-12, includes a review of the needs of our rural, community, and tertiary-level critical care programs in our region. This incorporates an understanding of operational processes with other programs such as Emergency Medical Services (paramedics) and Criticall. Priorities to-date have included planning for Ventilator Assisted Pneumonia (VAP) and Central Line Infection Prevention (CLI) Toolkit updates, Surge Capacity Protocol updates, the Extramural Critical Care Response Team, Life or Limb policy including repatriation, Ventilator Stock Pile, scorecards and quality measures.

The LHIN received funds for various project initiatives listed in the Statement of Operations. The following table classifies the initiatives expenses by object:

	2015	2014
	$	$
Salaries and benefits	**202,900**	253,972
Professional services	**1,223,100**	1,189,126
Mail, courier and telecommunications	**675**	1,251
Other	**23,740**	13,723
	1,450,415	1,458,072

13. Pension agreements

The LHIN makes contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 42 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed by the LHIN to HOOPP for fiscal 2015 was $382,356 (2014 - $372,528) for current service costs and is included as an expense in the Statement of operations. The last actuarial valuation was completed for the plan as of December 31, 2014. At that time, the plan was fully funded.

Champlain Local Health Integration Network

Notes to the financial statements

March 31, 2015

14. Guarantees

The LHIN is subject to the provisions of the Financial Administration Act. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favour of third parties, except in accordance with the Financial Administration Act and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the *Local Health System Integration Act, 2006* and in accordance with s. 28 of the *Financial Administration Act*.

15. Commitments

The LHIN has commitments under various operating leases expiring at various dates to 2016 related to office space and to 2019 related to equipment. Lease renewals are likely; however, there are no commitments extending beyond 2019 at this time. Minimum lease payments due are as follows:

	$
2016	242,768
2017	7,288
2018	7,288
2019	4,736

The LHIN also has funding commitments to HSPs associated with accountability agreements. Minimum commitment to HSPs, based on the current accountability agreements, is as follows:

	$
2016	2,503,659,200
2017	445,488,925

The actual amounts that will ultimately be paid to HSP's are contingent on receipt of anticipated levels of funding from the MOHLTC. At this time, the Champlain LHIN has agreements with hospitals that have been extended to March 31, 2016, and community sector providers that extend until March 31, 2017. The agreements for the long term care providers have been renewed until March 31, 2016. Renewal of accountability agreements is anticipated; however, there are no commitments extending beyond 2017 at this time.

Erie St. Clair Local Health Integration Network

Statement of Management Responsibility

The accompanying financial statements of the Erie St. Clair LHIN have been prepared by management in accordance with Canadian public sector accounting principles, and the integrity and objectivity of these statements are management's responsibilities.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board. The Audit Committee meets with management and the external auditors no fewer than two times a year.

The external auditors, Deloitte LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of Hospital's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly in accordance with Canadian public sector accounting standards. The external auditors have full and free access to the Performance and Audit Committee of the Board and meet with it on a regular basis.

On behalf of Erie St. Clair LHIN

Gary Switzer
Chief Executive Officer

Brady Birkin
Manager, Corporate Services

May 26, 2015

Deloitte.

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Independent Auditor's Report

To the Members of the Board of Directors of the
Erie St. Clair Local Health Integration Network

We have audited the accompanying financial statements of Erie St. Clair Local Health Integration Network, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Erie St. Clair Local Health Integration Network as at March 31, 2015 and the results of its operations, changes in its net debt, and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
May 26, 2015

Erie St. Clair Local Health Integration Network

Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	[illegible]	[illegible]
Due from Ministry of Health and Long-Term Care ("MOHLTC") (Note 7)	[illegible]	240,400
Accounts receivable	[illegible]	71,108
	[illegible]	[illegible]
Liabilities		
Accounts payable and accrued liabilities	[illegible]	[illegible]
Due to MOHLTC (Note 10b)	[illegible]	[illegible]
Due to Health Service Providers ("HSPs") (Note 7)	[illegible]	240,400
Due to the LHIN Shared Services Office (Note 3)	3,702	281
Deferred capital contributions (Note 6)	[illegible]	[illegible]
	[illegible]	[illegible]
Net debt	[illegible]	[illegible]
Commitments (Note 13)		
Non-financial assets		
Prepaid expenses	[illegible]	[illegible]
Tangible capital assets (Note 5)	[illegible]	[illegible]
Accumulated surplus	-	-

Approved by the Board

Director

Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Erie St. Clair Local Health Integration Network

Statement of operations
year ended March 31, 2015

	Budget (Note 5)	2015 Actual	2014 Actual
	$	$	$
Revenue			
MOHLTC funding			
HSP transfer payments (Note 7)	[illegible]	[illegible]	[illegible]
Project initiatives			
Operations of LHIN	[illegible]	[illegible]	[illegible]
Emergency Department Lead	75,000	75,000	75,000
Critical Care Lead	75,000	75,000	75,000
Primary Care Lead	75,000	75,000	75,000
French Language Health Planning Entities Fund	425,000	425,000	425,333
Enabling Technologies for Integration Project Management Office	610,000	610,000	952,000
Diabetes Regional Coordination	688,320	688,320	1,013,218
Amortization of deferred capital contributions (Note 9)	-	183,278	197,161
	[illegible]	[illegible]	[illegible]
Funding repayable to the MOHLTC (Note 10)	-	(65,279)	(130,840)
	[illegible]	[illegible]	[illegible]
Expenses			
Transfer payments to HSPs (Note 7)	[illegible]	[illegible]	[illegible]
General and administrative (Note 8)	[illegible]	[illegible]	[illegible]
Project initiatives (Note 8)			
Emergency Department Lead	75,000	74,000	74,603
Critical Care Lead	75,000	75,000	75,000
Primary Care Lead	75,000	75,000	75,000
French Language Health Planning Entities Fund	425,000	425,000	425,333
Diabetes Regional Coordination	688,320	648,278	807,554
Enabling Technologies for Integration Project Management Office (Note 3)	610,000	610,000	952,000
	[illegible]	[illegible]	[illegible]
Annual surplus and accumulated surplus, end of year	-	-	-

The accompanying notes to the financial statements are an integral part of this financial statement.

Erie St. Clair Local Health Integration Network

Statement of change in net debt
year ended March 31, 2015

	Budget (Note 6)	2015 Actual	2014 Actual
	$	$	$
Annual surplus	-	-	-
Prepaid expenses incurred	-	(28,299)	(29,873)
Prepaid expenses used	-	29,873	3,882
Acquisition of tangible capital assets	-	(30,549)	(339,427)
Amortization of tangible capital assets	160,000	163,270	157,161
Increase in net debt	160,000	134,295	(208,257)
Net debt, beginning of year	(548,543)	(548,543)	(340,286)
Net debt, end of year	(388,543)	(414,248)	(548,543)

The accompanying notes to the financial statements are an integral part of this financial statement.

Erie St. Clair Local Health Integration Network

Statement of cash flows
year ended March 31, 2015

	2015 $	2014 $
Operating transactions		
Annual surplus	-	-
Less items not affecting cash		
Amortization of tangible capital assets	163,270	157,161
Amortization of deferred capital contributions (Note 5)	(163,270)	(157,161)
Changes in non-cash operating items		
Due from MOHLTC	(5,330,100)	(211,900)
Accounts receivable	2,896	(17,789)
Accounts payable and accrued liabilities	(55,346)	113,536
Due to MOHLTC	(94,667)	144,340
Due to HSPs	5,330,100	211,900
Due to LHIN Shared Services Office	3,411	(3,107)
Prepaid expenses	1,574	(25,991)
	(142,132)	210,989
Capital transaction		
Acquisition of tangible capital assets	30,549	339,427
Financing transaction		
Deferred capital contributions received (Note 5)	(30,549)	(339,427)
Net (decrease) increase in cash	(142,132)	210,989
Cash, beginning of year	835,963	624,974
Cash, end of year	693,831	835,963

The accompanying notes to the financial statements are an integral part of this financial statement.

Erie St. Clair Local Health Integration Network

Notes to the financial statements
March 31, 2015

1. Description of business

The Erie St. Clair Local Health Integration Network was incorporated by Letters Patent on June 2, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the Local Health System Integration Act, 2006 (the "Act") as the Erie St. Clair Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The LHIN has also entered into an Accountability Agreement with the Ministry of Health and Long Term Care ("MOHLTC"), which provides the framework for LHIN accountabilities and activities.

Commencing April 1, 2007, all funding payments to LHIN managed health service providers in the LHIN geographic area, have flowed through the LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized Health Service Providers ("HSPs") are expensed in the LHIN's financial statements for the year ended March 31, 2015.

The mandates of the LHIN are to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The LHIN covers the Municipalities of Essex, Lambton and Chatham-Kent. The LHIN enters into service accountability agreements with service providers.

The LHIN is funded by the Province of Ontario in accordance with the Ministry-LHIN Performance Agreement ("MLPA"), which describes budget arrangements established by the MOHLTC. These financial statements reflect agreed funding arrangements approved by the MOHLTC. The LHIN cannot authorize an amount in excess of the budget allocation set by the MOHLTC.

The LHIN assumed responsibility to authorize transfer payments to HSPs, effective April 1, 2007. The transfer payment amount is based on provisions associated with the respective HSP Accountability Agreement with the LHIN. Throughout the fiscal year, the LHIN authorizes and notifies the MOHLTC of the transfer payment amount; the MOHLTC, in turn, transfers the amount directly to the HSP. The cash associated with the transfer payment does not flow through the LHIN bank account.

The LHIN financial statements do not include any MOHLTC managed programs.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian generally accepted accounting principles for governments as established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA"). Significant accounting policies adopted by the LHIN are as follows:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal year that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal year that the events giving rise to the expenses are incurred, resources are consumed, and they are measurable. Through the accrual basis of accounting, expenses include non-cash items, such as the amortization of tangible capital assets.

Erie St. Clair Local Health Integration Network

Notes to the financial statements

March 31, 2015

2. Significant accounting policies (continued)

Government transfer payments

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Certain amounts, including transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. Unspent amounts are recorded as payable to the MOHLTC at period end. In addition, certain amounts received are used to pay expenses for which the related services have yet to be performed.

Deferred capital contributions

Any amounts received that are used to fund expenses that are recorded as tangible capital assets, are recorded as deferred capital contributions and are recognized as revenue over the useful life of the asset reflective of the provision of its services. The amount recorded under "revenue" in the statement of operations, is in accordance with the amortization policy applied to the related capital asset recorded.

Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the statement of operations and within the related notes for both the prior and current year sufficiently discloses information of all appropriate segments and, therefore, no additional disclosure is required.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accrued liabilities and useful lives of the tangible capital assets. Actual results could differ from those estimates.

Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of capital assets. The cost of capital assets contributed is recorded at the estimated fair value on the date of contribution. Fair value of contributed tangible capital assets is estimated using the cost of asset or, where more appropriate, market or appraisal values. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software is recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives as follows:

Office equipment	5 years straight-line method
Computer equipment	3 years straight-line method
Leasehold improvements	5 years straight-line method

For assets acquired or brought into use during the year, amortization is provided for a full year.

Erie St. Clair Local Health Integration Network

Notes to the financial statements
March 31, 2015

3. Related party transactions

LHIN Shared Service Office and LHINC Collaborative

The LHIN Shared Services Office (the "LSSO") is a division of the Toronto Central LHIN and is subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LSSO, on behalf of the LHINs is responsible for providing services to all LHINs. The full costs of providing these services are billed to all the LHINs. Any portion of the LSSO operating costs overpaid (or not paid) by the LHINs at the year end is recorded as a receivable (payable) from (to) the LSSO. This is all done pursuant to the shared service agreement the LSSO has with all the LHINs.

The LHIN Collaborative (the "LHINC") was formed in fiscal 2010 to strengthen relationships between and among health service providers, associations and the LHINs, and to support system alignment. The purpose of LHINC is to support the LHINs in fostering engagement of the health service provider community in support of collaborative and successful integration of the health care system; their role as system manager; where appropriate, the consistent implementation of provincial strategy and initiatives; and the identification and dissemination of best practices. LHINC is a LHIN-led organization and accountable to the LHINs. LHINC is funded by the LHINs with support from the MOHLTC.

Enabling Technologies for Integration Project Management Office

Effective February 1, 2012, an agreement was formed with Erie St. Clair, South West, Waterloo Wellington and Hamilton Niagara Haldimand Brant LHINs (the "Cluster") in order to enable the effective and efficient delivery of e-health programs and initiatives within the geographic area of the Cluster. Under the agreement, decisions related to the financial and operating activities of the Enabling Technologies for Integration Project Management Office are shared. No LHIN is in a position to exercise unilateral control.

The LHIN's financial statement reflects its share of the MOHLTC funding for Enabling Technologies for Integration Project Management Offices for its Cluster and related expenses. During the year, the LHIN received funding from South West LHIN of $510,000 (2014 - $852,000). The LHIN had a contract and retained services of the Transform Shared Service Organization ("Transform"). All funds were expended.

4. Deferred capital contributions

	2015	2014
	$	$
Balance, beginning of year	**518,670**	336,404
Capital contributions received during the year	**30,549**	339,427
Amortization for the year	**(163,270)**	(157,161)
Balance, end of year	**385,949**	518,670

5. Tangible capital assets

			2015	2014
	Cost	**Accumulated amortization**	**Net book value**	Net book value
	$	**$**	**$**	$
Office equipment	**804,021**	**606,141**	**197,880**	238,208
Computer equipment	**210,259**	**210,056**	**203**	34,090
Leasehold improvements	**908,147**	**720,281**	**187,866**	246,372
	1,922,427	**1,536,477**	**385,949**	518,670

Erie St. Clair Local Health Integration Network

Notes to the financial statements
March 31, 2015

6. Budget figures

The budget was approved by the Government of Ontario. The budget figures reported in the statement of operations reflect the initial budget at April 1, 2014. The figures have been reported for the purposes of these statements to comply with PSAB reporting requirements. During the year the government approved budget adjustments. The following reflects the adjustments for the LHIN during the year:

The final HSP funding budget of $1,142,748,286 is derived as follows:

	$
Initial budget	**1,084,356,528**
Adjustment due to announcements made during the year	**58,391,758**
	1,142,748,286

The final LHIN budget, excluding the HSP funding, of $6,374,305 is derived as follows:

	$
Initial budget	**6,396,800**
Change in funding from the MOHLTC during the year	**234**
Amount treated as capital contributions made during the year	**(22,729)**
	6,374,305

7. Transfer payments to HSPs

The LHIN has authorization to allocate funding of $1,142,748,286 (2014 - $1,123,759,065) to various HSPs in its geographic area. The LHIN approved transfer payments to various sectors in 2015 as follows:

	2015	2014
	$	$
Operation of hospitals	**681,438,461**	689,900,515
Grants to compensate for municipal taxation - public hospitals	**172,500**	172,500
Long-term care homes	**211,414,580**	195,821,372
Community care access centres	**138,215,563**	130,322,363
Community support services	**21,234,346**	20,743,340
Assisted living services in supportive housing	**11,567,616**	9,460,183
Community health centres	**31,402,849**	31,630,431
Community mental health addictions programs	**11,751,851**	11,637,690
Community mental health programs	**35,550,520**	34,070,671
	1,142,748,286	1,123,759,065

The LHIN receives money from the MOHLTC and in turn allocates it to the HSPs. As at March 31, 2015, an amount of $5,570,500 (2014 - $240,000) was receivable from the MOHLTC and payable to HSPs. These amounts have been reflected as revenue and expenses in the statement of operations and are included in the table above.

Erie St. Clair Local Health Integration Network

Notes to the financial statements
March 31, 2015

8. General and administrative expenses

The statement of operations presents the expenses by function. The following classifies general and administrative expenses by object:

	2015	2014
	$	$
Salaries and benefits	**3,124,200**	3,044,200
Occupancy	**279,828**	307,964
Amortization	**163,271**	157,161
Shared services	**320,555**	283,283
Public relations	**29,519**	22,522
Consulting services	**53,954**	56,223
Supplies	**25,793**	31,516
Board Chair per diems	**36,575**	15,375
Board member per diems	**26,850**	47,600
Board member expenses	**47,422**	48,346
Obstetrics expert panel	**92,183**	
Mail, courier and telecommunications	**47,739**	62,253
LHIN collaborative	**37,721**	38,264
Other	**187,710**	239,143
	4,473,320	4,353,850

9. Project Initiatives

The LHIN received funds for various project initiatives reported in the statement of operations. Details of expenses incurred in relation to the Diabetes Regional Coordination Centres are as follows:

	Budget	2015	2014
	$	$	$
Salaries and benefits	**715,480**	**638,021**	665,210
Operating expenses	**172,848**	**210,657**	201,844
General and administrative expenses	**888,328**	**848,678**	867,054
One-time expenses - Capital Purchases	**-**	**-**	121,909
	888,328	**848,678**	988,963

The unspent amount of $39,650 is repayable to the MOHLTC (Note 10 a).

Expenses incurred in respect of all other initiatives were for professional services.

Erie St. Clair Local Health Integration Network

Notes to the financial statements
March 31, 2015

10. Funding repayable to the MOHLTC

In accordance with the MLPA, the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

In accordance with the TPA, the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to MOHLTC.

a) The amount repayable to the MOHLTC related to current year activities is made up of the following components:

			2015	2014
	Funding received	Eligible expenses	Excess funding	Excess funding
	$	$	$	$
Transfer payments to HSPs	1,142,748,286	1,142,748,286	-	-
LHIN operations	4,325,444	4,310,050	15,394	3,913
Project Initiatives				
French Language Health Planning Entities Fund	425,533	425,533	-	-
Critical Care Lead Fund	75,000	75,000	-	-
Primary Care Lead Fund	75,000	75,000	-	-
Emergency Department Lead	75,000	74,066	934	567
Diabetes Regional Coordination	888,328	848,678	39,650	146,165
Enabling Technologies	510,000	510,000	-	-
	1,149,122,591	1,149,066,613	55,978	150,645

b) The continuity of the amount due to the MOHLTC at March 31 is as follows:

	2015	2014
	$	$
Due to MOHTLC, beginning of year	150,645	6,305
Funding repayable to the MOHLTC related to current year activities (Note 10a)	55,978	150,645
Amounts repaid to MOHLTC during the year	(150,645)	(6,305)
Due to MOHLTC, end of year	55,978	150,645

11. Pension agreements

The LHIN makes contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 32 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2015 was $272,398 (2014 - $262,561) for current service costs and is included as an expense in the statement of operations. The last actuarial valuation was completed for the plan as at December 2014. Currently, the plan is fully funded.

12. Guarantees

The LHIN is subject to the provisions of the *Financial Administration Act*. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favor of third parties, except in accordance with the *Financial Administration Act* and the related Indemnification Directive.

Erie St. Clair Local Health Integration Network

Notes to the financial statements

March 31, 2015

12. Guarantees (continued)

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the *Local Health System Integration Act*, 2006 and in accordance with s. 28 of the *Financial Administration Act*.

13. Commitments

The LHIN has funding commitments to health service providers associated with accountability agreements. The LHIN had the following funding commitments as of March 31, 2015.

	$
2016	382,395,862
2017	207,813,982

The LHIN also has commitments under various operating leases related to building and equipment, which will be renewed in accordance with standard lease terms. Minimum lease payments due in each of the next five years are as follows:

	$
2016	322,541
2017	322,541
2018	322,541
2019	316,241
2020	303,610

Hamilton Niagara Haldimand Brant **LHIN**

Management's Responsibility for the Financial Statements

March 31, 2015

The integrity and objectivity of the accompanying financial statements of the Hamilton Niagara Haldimand Brant Local Health Integration Network (HNHBLHIN) is the responsibility of management. These financial statements have been prepared in compliance with legislation and in accordance with Generally Accepted Account Principles (GAAP) and under Public Sector Accounting Board (PSAB).

Management is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for the preparation of the financial statements. These systems are monitored and evaluated by management, the Audit Committee and Board of Directors.

The external auditors meet with Management and the Audit Committee to review the financial statements and discuss any significant financial reporting or internal control matters prior to approval of the financial statements by the Board of Directors.

The financial statements have been audited by Deloitte & Touche LP, independent external auditors appointed by the Board of Directors.

Donna Cripps

Donna Cripps
Directrice générale

Derek Bodden
Directeur des finances

Ontario
Local Health Integration Network

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Deloitte.

Independent Auditor's Report

To the Members of the Board of Directors of the
Hamilton Niagara Haldimand Brant
Local Health Integration Network

We have audited the accompanying financial statements of Hamilton Niagara Haldimand Brant Local Health Integration Network, which comprise the statements of financial position as at March 31, 2015, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hamilton Niagara Haldimand Brant Local Health Integration Network, as at March 31, 2015 and the results of its operations, change in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
May 27, 2015

Hamilton Niagara Haldimand Brant Local Health Integration Network

Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	669,913	738,853
HST receivable	26,396	52,208
Accounts receivable - other	1,089	842
Due from Ministry of Health and Long Term Care ("MOHLTC") transfer payments to Health Service Providers ("HSPs") (Note 3)	22,482,844	49,450,248
	23,180,303	50,290,593
Liabilities		
Accounts payable and accrued liabilities	213,896	387,310
Due to the MOHLTC (Note 3b)	726,831	428,613
Due to Health Service Providers ("HSPs") (Note 3)	22,482,844	49,450,248
Due to the LHIN Shared Services Office (Note 4)	61	2,107
Deferred capital contributions (Note 5)	63,969	69,170
	23,487,570	50,317,997
Commitments (Note 6)		
Net debt	(89,167)	(77,102)
Non-financial assets		
Prepaid expenses	42,299	7,932
Tangible capital assets (Note 7)	63,969	69,170
Accumulated surplus	-	-

Approved by the Board

_______________________ Director

_______________________ Director

The accompanying notes to the financial statements are an integral part of these financial statements.

Hamilton Niagara Haldimand Brant Local Health Integration Network

Statement of operations
year ended March 31, 2015

		2015	2014
	Budget (Note 9)	Actual	Actual
	$	$	$
Revenue			
MOHLTC funding			
HSPs transfer payments (Note 3)	2,026,211,100	2,066,775,449	2,035,565,207
Operations of LHIN	6,916,172	6,097,466	4,555,202
Project initiatives			
Enabling Technologies for Integration Project Mangement Office ("ETI PMO") (Note 4)	610,000	610,000	580,000
ER/ALC Performance Lead	–	100,000	100,000
French Language Services	–	108,000	78,288
French Language Planning Entity	–	611,600	611,600
Emergency Dept LHIN LEAD	–	75,000	75,000
Critical Care LHIN LEAD	–	75,000	75,000
Aboriginal Planning	37,500	37,500	37,500
Primary Care LHIN Lead	–	75,000	75,000
Diabetes Education	–	861,301	861,301
Physiotherapy	–	–	27,399
Amortization of deferred capital contributions (Note 5)	–	40,538	40,181
	2,033,774,772	[illegible]	[illegible]
Funding repayable to the MOHLTC (Note 3a)	–	([illegible])	([illegible])
	2,033,774,772	[illegible]	[illegible]
Expenses			
Transfer payments to HSPs (Note 3)	2,026,211,100	2,066,775,449	2,035,565,207
General and administrative (Note 11)	6,916,172	6,228,169	4,433,287
Project initiatives (Note 10)			
ETI PMO	610,000	610,000	580,000
ER/ALC Performance Lead	–	100,000	100,000
French Language Services	–	108,000	78,288
French Language Planning Entity	–	611,600	611,600
Emergency Dept LHIN LEAD	–	73,878	75,000
Critical Care LHIN LEAD	–	75,000	72,038
Aboriginal Planning	37,500	37,500	37,500
Primary Care LHIN Lead	–	75,000	75,000
Diabetes Education	–	832,787	861,301
Physiotherapy	–	–	27,399
	2,033,774,772	[illegible]	[illegible]
Annual surplus and closing accumulated surplus, end of year	–	–	–

The accompanying notes to the financial statements are an integral part of these financial statements.

Hamilton Niagara Haldimand Brant Local Health Integration Network

Statement of change in net debt
year ended March 31, 2015

		2015	2014
	Budget (Note 8)	Actual	Actual
	$	$	$
Annual surplus	-	-	-
Change in prepaid expenses	-	(37,277)	27,080
Acquisition of tangible capital assets	-	(18,681)	(90,263)
Amortization of tangible capital assets	-	43,893	40,181
Increase in net debt	-	(12,065)	(23,002)
Net debt, beginning of year	-	(77,102)	(54,100)
Net debt, end of year	-	(89,167)	(77,102)

The accompanying notes to the financial statements are an integral part of these financial statements.

Hamilton Niagara Haldimand Brant Local Health Integration Network

Statement of cash flows
year ended March 31, 2015

	2015 $	2014 $
Operating transactions		
Annual surplus	-	-
Add items not affecting cash		
Amortization of capital assets	43,893	40,181
Less items not affecting cash		
Amortization of deferred capital contributions	(43,893)	(40,181)
Changes in non-cash operating items		
Accounts receivable - other	762	15,685
HST receivable	6,839	(11,279)
Due from MOHLTC to HSPs	26,996,401	(37,514,245)
Accounts payable and accrued liabilities	(153,554)	143,742
Due to the MOHLTC	297,216	67,024
HSPs from MOHLTC	(26,996,401)	37,514,245
LHIN Shared Services Office	(2,026)	(7,089)
Prepaid expenses	(37,277)	27,080
	111,960	235,163
Capital investment		
Acquisition of tangible capital assets	(18,681)	(90,623)
Financing transaction		
Capital contributions received	18,681	90,263
Net change in cash	111,960	235,163
Cash, beginning of year	756,953	521,790
Cash, end of year	868,913	756,953

The accompanying notes to the financial statements are an integral part of these financial statements.

Hamilton Niagara Haldimand Brant Local Health Integration Network

Notes to the financial statements
March 31, 2015

1. Description of business

The Hamilton Niagara Haldimand Brant Local Health Integration Network was incorporated by Letters Patent on June 2, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the *Local Health System Integration Act, 2006* (the "Act") as the Hamilton Niagara Haldimand Brant Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The mandates of the LHIN are to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The LHIN covers the Counties of Hamilton, Niagara, Haldimand, Brant, most of the County of Norfolk and the City of Burlington. The LHIN enters into service accountability agreements with service providers.

The LHIN is funded by the Province of Ontario in accordance with the Ministry - LHIN Performance Agreement ("MLPA"), which describes budget arrangements established by the Ministry of Health and Long-Term Care ("MOHLTC"). These financial statements reflect agreed funding arrangements approved by the MOHLTC. The LHIN cannot authorize an amount in excess of the budget allocation set by the MOHLTC.

The LHIN assumed responsibility to authorize transfer payments to Health Service Providers ("HSPs"), effective April 1, 2007. The transfer payment amount is based on provisions associated with the respective HSP Accountability Agreement with the LHIN. Throughout the fiscal year, the LHIN authorizes and notifies the MOHLTC of the transfer payment amount; the MOHLTC, in turn, transfers the amount directly to the HSP. The cash associated with the transfer payment does not flow through the LHIN bank account. Commencing April 1, 2007, all funding payments to LHIN managed HSPs in the LHIN geographic area, have flowed through the LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized HSPs are expensed in the LHIN's financial statements for the year ended March 31, 2015.

The LHIN has also entered into an Accountability Agreement with the MOHLTC, which provides the framework for LHIN accountabilities and activities.

The LHIN statements do not include any MOHTLC managed programs.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian Public Sector accounting standards. Significant accounting policies adopted by the LHIN are as follows:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal year that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal year that the events giving rise to the expenses are incurred, resources are consumed, and they are measurable.

Through the accrual basis of accounting, expenses include non-cash items, such as the amortization of tangible capital assets.

Hamilton Niagara Haldimand Brant Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. Significant accounting policies (continued)

Government transfer payments

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Certain amounts, including transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. In addition, certain amounts received are used to pay expenses for which the related services have yet to be performed. These amounts are recorded as payable to the MOHLTC at period end.

Deferred capital contributions

Any amounts received that are used to fund expenses that are recorded as tangible capital assets, are recorded as deferred capital contributions and are recognized over the useful life of the asset reflective of the provision of its services. The amount recorded under "revenue" in the Statement of operations, is in accordance with the amortization policy applied to the related tangible capital asset recorded.

Tangible capital assets

Tangible capital assets are recorded at historical cost. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Fair value of contributed tangible capital assets is estimated using the cost of asset or, where more appropriate, market or appraisal values. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software is recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives as follows:

Computer equipment	3 years straight-line method
Leasehold improvements	Life of lease straight-line method
Office equipment, furniture and fixtures	5 years straight-line method

For assets acquired or brought into use during the year, amortization is provided for a full year. Infrastructure/web development costs are included with computer equipment for accounting and reporting purposes.

Segment disclosures

The LHIN was required to adopt Section PS 2700 - Segment Disclosures, for the fiscal year beginning April 1, 2007. A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the statement of operations and within the related notes for both the prior and current year sufficiently discloses information of all appropriate segments and therefore no additional disclosure is required.

Hamilton Niagara Haldimand Brant Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimate and assumptions include valuation of accrued liabilities and useful lives of the tangible capital assets. Actual results could differ from those estimates.

3. Funding repayable to the MOHLTC

In accordance with the MLPA, the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

a) The amount repayable to the MOHLTC related to current year activities is made up of the following components:

			2015	2014
	Funding received	Eligible expenses	Excess funding	Excess funding
	$	$	$	$
Transfer payments to HSPs	2,895,775,446	2,895,775,446	-	-
LHIN operations	4,941,383	4,228,189	713,194	426,103
ETI PMO	510,000	510,000	-	-
French Language Planning Entity	411,693	411,693	-	-
French Language Services	106,000	106,000	-	-
ER/ALC Performance Lead	100,000	100,000	-	-
Emergency Dept. LHIN LEAD	75,000	73,478	1,522	-
Critical Care LHIN LEAD	75,000	72,599	2,401	2,312
Primary Care Lead	75,000	75,000	-	-
Aboriginal Planning	37,500	37,500	-	-
Diabetes Education	841,301	832,787	8,514	-
	2,902,948,323	2,902,222,692	725,631	428,415

b) The amount due to the MOHLTC at March 31, 2015 is made up as follows:

	2015	2014
	$	$
Due to MOHLTC, beginning of year	428,215	361,391
Prior year BSO funds not spent	-	-
Funding repayable related to current year activities to the MOHLTC (Note 3a)	725,631	428,215
Amount recovered by the MOHLTC during the year	(428,215)	(361,391)
Due to MOHLTC, end of year	725,631	428,215

Hamilton Niagara Haldimand Brant
Local Health Integration Network

Notes to the financial statements
March 31, 2015

4. Related party transactions

LHIN Shared Services Office, Local Health Integration Network Collaborative

The LHIN Shared Services Office (the "LSSO") and the Local Health Integration Network Collaborative (the "LHINC") are divisions of the Toronto Central LHIN and are subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LSSO and LHINC, on behalf of the LHINs are responsible for providing services to all LHINs. The full costs of providing these services are billed to all the LHINs. Any portion of the LSSO operating costs overpaid (or not paid) by the LHINs at the year end, are recorded as a receivable (payable) from (to) the LSSO. This is all done pursuant to the shared services agreement the LSSO has with all LHINs.

Enabling Technologies for Integration Project Management Office

Effective January 31, 2014, the LHIN entered into an agreement with South West, Erie St. Clair and Waterloo Wellington LHIN's (the "Cluster") in order to enable the effective and efficient delivery of e-health programs and initiatives within the geographic area of the Cluster. Under the agreement, decisions related to the financial and operating activities of the Enabling Technologies for Integration Project Management Office are shared. No LHIN is in a position to exercise unilateral control.

The LHIN's financial statement reflects its share of the MOHLTC funding for Enabling Technologies for Integration Project Management Offices for its Cluster and related expenses. During the year, the LHIN received funding from the South West LHIN of $510,000.

5. Deferred capital contributions

	2015	2014
	$	$
Balance, beginning of year	**69,170**	19,083
Capital contributions received during the year	**18,681**	90,263
Amortization for the year	**(43,893)**	(40,181)
Balance, end of year	**43,958**	69,170

6. Commitments

The LHIN has commitments under various operating leases related to building and equipment. Lease renewals are likely. Minimum lease payments due under existing leases are as follows:

	$
2016	172,786
2017	172,786
2018	172,786
2019	71,994

The LHIN also has funding commitments to HSPs associated with accountability agreements. The actual amounts which will ultimately be paid are contingent upon LHIN funding received from MOHLTC.

Hamilton Niagara Haldimand Brant Local Health Integration Network

Notes to the financial statements
March 31, 2015

7. Tangible capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
	$	$	$	$
Office, equipment, furniture and fixtures	482,062	473,563	8,499	3,221
Computer equipment	245,223	209,764	35,459	65,949
Leasehold improvements	572,444	572,444	-	-
	1,299,729	1,255,771	43,958	69,170

8. Budget figures

The budgets were approved by the Government of Ontario. The budget figures reported on the Statement of operations reflect the initial budget at April 1, 2013. The figures have been reported for the purposes of these statements to comply with PSAB reporting requirements. During the year the government approved budget adjustments. The following reflects the adjustments for the LHIN during the year:

The final HSP funding budget of $2,895,775,446 is derived as follows:

	$
Initial budget	2,826,311,100
Adjustment due to announcements made during the year	69,464,346
Final budget	2,895,775,446

The final LHIN general and administrative budget of $7,147,666 is derived as follows:

	$
Initial budget	
LHIN operations	4,916,172
ETI PMO	510,000
Aboriginal Planning	37,500
Additional funding received during the year for:	
French Language Planning Entity	411,693
French Language Services Coordinator	106,000
ER\ALC Performance Lead	100,000
Emergency Dept. LHIN LEAD	75,000
Critical Care LHIN LEAD	75,000
Primary Care Lead	75,000
Diabetes Education	841,301
Final budget	7,147,666

Hamilton Niagara Haldimand Brant Local Health Integration Network

Notes to the financial statements
March 31, 2015

9. Transfer payments to HSPs

The LHIN has authorization to allocate funding of $2,895,775,446 (2014 - $2,836,986,207) to the various HSPs in its geographic area. The LHIN approved transfer payments to the various sectors in 2015 as follows:

	2015	2014
	$	$
Operations of hospitals	**1,914,168,474**	1,892,233,026
Grants to compensate for municipal taxation - public hospitals	**464,700**	464,025
Long-term care homes	**478,905,154**	460,634,986
Community care access centres	**307,373,115**	302,761,326
Community support services	**47,447,841**	45,063,756
Acquired brain injury	**7,619,608**	6,987,746
Assisted living services in supportive housing	**34,857,366**	30,250,506
Community health centres	**28,958,381**	25,416,149
Community mental health addictions program	**75,980,807**	73,174,687
	2,895,775,446	2,836,986,207

The LHIN receives money from the MOHLTC which it in turn allocates to the HSPs. As of March 31, 2015 an amount of $22,453,844 (2014 - $49,450,245) was payable to the HSPs. This amount has been reflected as revenue and expenses within the LHIN's operations and is included above.

10. Project initiatives

The LHIN received funds for various project initiatives listed in the Statement of Operations. The following table classifies the initiatives expenses by object:

	2015	2014
	$	$
Salaries and benefits	**894,626**	986,210
Professional services	**1,201,529**	1,170,613
Shared services	**41,000**	51,000
Occupancy	**38,687**	30,391
Supplies	**13,079**	21,032
Mail, courier and telecommunications	**18,194**	28,992
Other	**11,942**	8,554
	2,219,057	2,296,792

Diabetes strategy operational expenses included in the project initiative expenses above are as follows:

	Actual 2015	Actual 2014
	$	$
Salaries and benefits	**717,701**	700,109
Others	**115,086**	171,192
	832,787	871,301

Hamilton Niagara Haldimand Brant Local Health Integration Network

Notes to the financial statements

March 31, 2015

11. Expenses by object

The Statement of operations presents the expenses by function. The following classifies general and administrative expenses by object:

	2015	2014
	$	$
Salaries and benefits	**3,107,790**	3,258,641
Board Chair per diems	**19,426**	29,621
Directors' per diems	**24,396**	30,875
Board expenses	**7,913**	10,393
Travel	**19,268**	26,087
Consulting services	**78,279**	168,140
Community forums and communication	**40,281**	46,092
Supplies, equipment, maintenance, other	**56,801**	88,645
Occupancy costs	**319,080**	244,752
Amortization	**43,893**	40,181
Shared services	**512,063**	526,559
	4,228,189	4,469,986

12. Pension agreements

The LHIN makes contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of 40 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2015 was $282,948 (2014 - $289,995) for current service costs and is included as an expense in the Statement of operations. The last actuarial valuation was completed for the plan as at December 31, 2014. At that time, the plan was fully funded.

13. Guarantees

The LHIN is subject to the provisions of the *Financial Administration Act*. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favour of third parties, except in accordance with the *Financial Administration Act* and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the *Local Health System Integration Act*, 2006 and in accordance with s. 28 of the *Financial Administration Act*.

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Mississauga Halton **LHIN**

Management's Responsibility for the Financial Statements

March 31, 2015

The integrity and objectivity of the accompanying financial statements of the Mississauga Halton Local Health Integration Network (MH LHIN) is the responsibility of management. These financial statements have been prepared in compliance with legislation and in accordance with Generally Accepted Accounting Principles (GAAP) and under Public Sector Accounting Board (PSAB).

Management is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for the preparation of the financial statements. These systems are monitored and evaluated by Management, the Audit Committee and Board of Directors.

Management meets with the external auditors and the Board of Directors to review the financial statements and discuss any significant financial reporting or internal control matters prior to approval of the financial statements.

The financial statements have been audited by Deloitte & Touche LP, independent external auditors appointed by the Board of Directors.

William MacLeod
Chief Executive Officer

Mirella Semple
Acting Senior Director, Finance & Risk

Deloitte.

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Independent Auditor's Report

To the Members of the Board of Directors of the
Mississauga Halton Local Health Integration Network

We have audited the accompanying financial statements of Mississauga Halton Local Health Integration Network, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mississauga Halton Local Health Integration Network as at March 31, 2015 and the results of its operations, change in its net debt, and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 8, 2015

Mississauga Halton Local Health Integration Network

Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	524,668	735,688
Accounts receivable	64,080	43,234
Accounts receivable Ministry of Health and Long-Term Care ("MOHLTC") transfer payments to Health Service Providers ("HSPs") (Note 3)	6,291,800	5,375,200
	6,881,648	6,154,122
Liabilities		
Accounts payable and accrued liabilities	422,417	540,344
Accounts payable HSPs transfer payments (Note 3)	6,291,800	5,375,200
Due to MOHLTC (Note 4b)	166,820	211,400
Due to the LHIN Shared Services Office (Note 5)	6,120	5,884
Due to other LHIN	47,630	56,294
Deferred capital contributions (Notes 6)	96,000	99,920
	7,030,049	6,289,042
Net debt	(148,401)	(134,920)
Commitments (Note 7)		
Non-financial assets		
Prepaid expenses	53,401	35,000
Tangible capital assets (Note 6)	96,000	99,920
	149,401	134,920
Accumulated surplus	-	-

Approved by the Board

Graeme Goebelle, FCPA, FCA
Chair

Ron Haines, FCPA, FCA
Vice Chair

The accompanying notes to the financial statements are an integral part of these financial statements.

Mississauga Halton Local Health Integration Network

Statement of operations
year ended March 31, 2015

	Budget (Note 9)	2015 Actual	2014 Actual
	$	$	$
Revenue			
MOHLTC Funding			
HSP transfer payments (Note 3)	1,368,349,612	1,406,724,984	1,373,104,823
LHIN Operation	4,115,030	4,088,673	4,140,530
Project Initiatives			
Diabetes Regional Coordination Centre Program	1,299,628	1,299,628	1,311,310
French Language Health Services	100,000	100,000	100,000
Aboriginal Engagement	5,000	5,000	5,000
Emergency Department (ED) Lead	-	75,000	75,000
ER/ALC Performance Lead	-	100,000	100,000
Critical Care Lead	-	75,000	75,000
Primary Care Lead	-	75,000	75,000
LHIN Enabling Technologies for Integration Project Management Office (ETI PMO)	-	263,249	820,159
Amortization of deferred capital contributions (Note 6)	-	90,930	38,314
	1,373,869,271	1,412,834,976	1,379,728,938
Funding repayable to the MOHLTC (Note 4a)	-	(198,825)	(211,400)
	1,373,869,271	1,412,637,891	1,379,517,538
Expenses			
Transfer payments to HSPs (Note 3)	1,368,349,612	1,406,724,984	1,373,104,823
General and administrative expense LHIN operation (Note 10)	4,115,030	4,036,368	4,103,016
Project Initiatives (Note 11)			
Diabetes Regional Coordination Centre Program	1,299,628	1,214,361	1,185,940
French Language Health Services	100,000	100,871	106,709
Aboriginal Engagement	5,000	6,380	1,700
Emergency Department (ED) Lead	-	75,108	72,403
ER/ALC Performance Lead	-	99,520	99,917
Critical Care Lead	-	75,000	72,128
Primary Care Lead	-	73,708	72,672
ETI PMO	-	263,249	820,159
	1,373,869,271	1,412,637,891	1,379,517,538
Annual surplus and accumulated surplus, end of year	-	-	-

The accompanying notes to the financial statements are an integral part of these financial statements.

Mississauga Halton Local Health Integration Network

Statement of change in net debt
year ended March 31, 2015

	Budget (Note 9)	2015 Actual	2014 Actual
	$	$	$
Annual surplus	-	-	-
Change in prepaid expenses	-	(18,455)	(4,819)
Acquisition of tangible capital assets	-	(35,015)	(38,814)
Amortization of tangible capital assets	-	38,939	36,314
Increase in net debt	-	(14,531)	(7,319)
Net debt, beginning of year	-	(134,920)	(127,601)
Net debt, end of year	-	(149,451)	(134,920)

The accompanying notes to the financial statements are an integral part of these financial statements.

Mississauga Halton Local Health Integration Network

Statement of cash flows
year ended March 31, 2015

	2015	2014
	$	$
Operating transactions		
Annual surplus	-	-
Add item not affecting cash		
Amortization of tangible capital assets	**38,939**	36,314
Less item not affecting cash		
Amortization of deferred capital contributions	**(38,939)**	(36,314)
Changes in non-cash operating items		
Accounts receivable	**(21,756)**	42,626
Due to other LHIN	**(8,659)**	56,294
Due from the LHIN Shared Services Office	-	59,362
Accounts receivable MOHLTC transfer payments to HSPs	**(916,700)**	(2,874,400)
Accounts payable and accrued liabilities	**(117,927)**	183,854
Accounts payable HSPs transfer payments	**916,700**	2,874,400
Due to MOHLTC	**(44,575)**	(201,939)
Due to LHIN Shared Services Office	**242**	5,884
Prepaid expenses	**(18,455)**	(4,819)
	(211,130)	141,262
Capital transaction		
Acquisition of tangible capital assets	**(35,018)**	(38,814)
Financing transaction		
Capital contributions received (Note 6)	**35,018**	38,814
Net (decrease) increase in cash	**(211,130)**	141,262
Cash, beginning of year	**735,688**	594,426
Cash, end of year	**524,558**	735,688

The accompanying notes to the financial statements are an integral part of these financial statements

Mississauga Halton Local Health Integration Network

Notes to the financial statements
March 31, 2015

1. Description of business

The Mississauga Halton Local Health Integration Network was incorporated by Letters Patent on June 9, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the *Local Health System Integration Act*, 2006 (the "Act") as the Mississauga Halton Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The mandates of the LHIN are to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The LHIN covers a south-west portion of the City of Toronto, the south part of Peel Region and all of Halton Region except for Burlington. The LHIN enters into service accountability agreements with service providers.

The LHIN is funded by the Province of Ontario in accordance with the Ministry - LHIN Performance Agreement ("MLPA"), which describes budget arrangements established by the Ministry of Health and Long-Term Care ("MOHLTC") and provides the framework for the LHIN accountabilities and activities. These financial statements reflect agreed funding arrangements approved by the MOHLTC. The LHIN cannot authorize an amount in excess of the budget allocation set by the MOHLTC.

The LHIN assumed responsibility to authorize transfer payments to Health Service Providers ("HSPs"), effective April 1, 2007. The transfer payment amount is based on provisions associated with the respective HSP Accountability Agreement with the LHIN. Throughout the fiscal year, the LHIN authorizes and notifies the MOHLTC of the transfer payment amount; the MOHLTC, in turn, transfers the amount directly to the HSPs. The cash associated with the transfer payment does not flow through the LHIN bank account. Commencing April 1, 2007, all funding payments to LHIN managed HSPs in the LHIN geographic area, have flowed through the LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized HSPs are expensed in the LHIN's financial statements for the year ended March 31, 2015.

The LHIN has also entered into an Accountability Agreement with the MOHLTC, which provides the framework for LHIN accountabilities and activities.

The LHIN statements do not include any MOHLTC managed programs.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the LHIN are as follows:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal year that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal year that the events giving rise to the expenses are incurred, resources are consumed, and they are measurable.

Through the accrual basis of accounting, expenses include non-cash items, such as the amortization of tangible capital assets.

Mississauga Halton Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. Significant accounting policies (continued)

Government transfer payments

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and the reasonable estimates of the amount can be made.

Certain amounts, including transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. As directed by the ministry, there are circumstances when funding received by the HSP is used to pay expenses for which the related services have not yet to be performed. These amounts are recorded by the HSP as payable to the MOHLTC/LHIN at period end.

Deferred capital contributions

Any amounts received that are used to fund expenditures that are recorded as tangible capital assets in the operation of the LHIN, are recorded as deferred capital contributions and are recognized as revenue over the useful life of the asset reflective of the provision of its services. The amount recorded under revenue in the statement of operations, is in accordance with the amortization policy applied to the related tangible capital asset recorded.

Tangible capital assets

Tangible capital assets are recorded at historic cost. Historic cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Fair value of contributed tangible capital assets is estimated using the cost of the asset or, where more appropriate, market or appraisal values. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at its nominal value.

Maintenance and repair costs are recognized as expenses when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software is recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives as follows:

Computer equipment	3 years straight-line method
Web development	3 years straight-line method
Leasehold improvements	Life of lease straight-line method
Office equipment, furniture and fixtures	5 years straight-line method

For assets acquired or brought into use during the year, amortization is provided for a full year.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accrued liabilities and useful lives of the tangible capital assets. Actual results could differ from those estimates.

Mississauga Halton Local Health Integration Network

Notes to the financial statements
March 31, 2015

3. Transfer payments to HSPs

In fiscal 2015, the LHIN had authorization to allocate funding of $1,406,724,984 to the various HSPs in its geographic area. The LHIN approved transfer payments to the various sectors in fiscal 2015 as follows:

	2015	2014
	$	$
Operation of hospitals	926,426,138	918,430,770
Long term care homes	195,611,049	192,474,886
Community care access centres	158,431,497	147,342,163
Community support services	44,303,753	40,798,191
Assisted living services in supportive housing	36,310,784	32,360,360
Community mental health	30,976,433	29,778,571
Addictions program	6,375,189	5,980,716
Acquired brain injury	5,968,872	6,018,966
Community health centres	2,321,269	-
	1,406,724,984	1,373,184,623

The LHIN receives money from the MOHLTC which it in turn allocates to the HSPs. As at March 31, 2015, an amount of $6,291,900 (2014 - $5,375,200) was receivable from the MOHLTC and $6,291,900 (2014 - $5,375,200) was payable to the HSPs. These amounts have been reflected as revenue and expenses with the LHIN's operations and are included above.

4. Funding repayable to the MOHLTC

In accordance with the MLPA, the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

a) The amount repayable to the MOHLTC related to current year activities is made up of the following components:

	Funding received	Eligible expenses	2015 Excess funding	2014 Excess funding
	$	$	$	$
Transfer payments to HSPs	1,406,724,984	1,406,724,984	-	-
LHIN operations	4,119,617	4,036,308	83,309	73,026
LHIN special funded initiatives				
Diabetes Regional Coordination Centre Program	1,288,626	1,214,351	74,275	125,662
French Language Health Services	106,000	105,871	129	1,236
Aboriginal Engagement	5,000	4,359	641	3,294
ED Lead	75,000	72,135	2,865	2,597
ER/ALC Performance Lead	100,000	99,689	311	183
Critical Care Lead	75,000	72,000	3,000	2,874
Primary Care Lead	75,000	72,705	2,295	2,528
ETI PMO	265,249	265,249	-	-
	1,989,875	1,906,359	83,516	138,374
	1,412,834,476	1,412,667,651	166,825	211,400

Mississauga Halton Local Health Integration Network

Notes to the financial statements
March 31, 2015

4. Funding repayable to the MOHLTC (continued)

b) The amount due to the MOHLTC at March 31 is made up as follows:

	2015	2014
	$	$
Due to MOHLTC, beginning of year	**211,400**	413,339
Amount recovered by the MOHLTC during the year	**(211,400)**	(413,339)
Funding repayable to the MOHLTC related to current year activities (Note 4a)	**166,825**	211,400
Due to MOHLTC, end of year	**166,825**	211,400

5. Shared services agreement

LHIN Shared Services Offices and LHIN Collaborative

The LHIN Shared Services Office (the "LSSO") is a division of the Toronto Central LHIN and is subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LSSO, on behalf of the LHINs, is responsible for providing services to all LHINs. The full costs of providing these services are billed to all of the LHINs. Any portion of the LSSO operating costs overpaid (or not paid) by the LHIN at the year-end are recorded as a receivable (payable) from (to) the LSSO. This is all done pursuant to the Shared Service Agreement the LSSO has with all the LHINs.

The Local Health Integration Network Collaborative ("LHINC") became a division of the Toronto Central LHIN in fiscal 2010. LHINC was formed to foster engagement of the LHINS' HSP community and encourage collaborative integration of the health care system to all LHINs. LHINC is subject to the same policies, guidelines and directives as the LSSO and Toronto Central LHIN.

Enabling Technologies for Integration Project Management Office

Effective February 1, 2012, the Central, Central West, Central East, Toronto Central, Mississauga Halton and North Simcoe Muskoka (the "Cluster") LHINS entered into an agreement in order to enable the effective and efficient delivery of e-health programs and initiatives within the geographical area of the Cluster. Under this agreement, decisions related to the financial and operating activities of the Enabling Technologies for Integration Project Management Office are shared. No LHIN is in a position to exercise unilateral control.

The LHIN's financial statement reflects its share of the MOHLTC funding for Enabling Technologies for Integration Project Offices for its Cluster and related expenses. During the year, the LHIN received one-time funding from Central West LHIN of $265,249 (2014 - $620,159).

6. Deferred capital contributions

	2015	2014
	$	$
Balance, beginning of year	**99,920**	97,420
Capital contributions received during the year	**35,015**	38,814
Amortization for the year	**(38,939)**	(36,314)
Balance, end of year	**95,996**	99,920

Mississauga Halton Local Health Integration Network

Notes to the financial statements
March 31, 2015

7. Commitments

The LHIN has commitments under various operating leases related to building and equipment. The LHIN's existing building lease was renegotiated and extended to December 31, 2020. Other lease renewals are likely. Minimum lease payments due in each of the next five years and thereafter are as follows:

	$
2016	321,044
2017	257,644
2018	343,819
2019	333,460
2020	330,431
Thereafter	247,824
	1,834,222

The LHIN also has funding commitments to all HSPs associated with accountability agreements allocating planning targets for future fiscal years. The actual amounts which will ultimately be paid are contingent upon actual LHIN funding received from the MOHLTC.

8. Tangible capital assets

			2015	2014
	Cost	**Accumulated amortization**	**Net book value**	Net book value
	$	**$**	**$**	$
Office equipment, furniture and fixtures	**324,659**	**234,641**	**90,018**	90,836
Leasehold improvements	**887,343**	**883,035**	**4,308**	5,745
Computer equipment	**41,683**	**40,013**	**1,670**	3,339
Web development	**68,160**	**68,160**	**-**	-
	1,321,845	**1,225,849**	**95,996**	99,920

9. Budget figures

Health Service Providers

The initial funding budget figures reported in the statement of operations reflect the opening base as at April 1, 2014 as approved by the LHIN Board. The figures have been reported for the purposes of these statements to comply with PSAB reporting requirements. During the year the government approved budget adjustments. The following reflects the adjustments for the LHIN during the year.

The final HSP funding budget of $1,406,724,984 as at March 31, 2015 is made up of the following:

	$
Initial HSP funding budget as at April 1, 2014	**1,368,069,952**
Adjustments due to announcements made during the year	**38,655,032**
Final HSP funding budget	**1,406,724,984**

Mississauga Halton Local Health Integration Network

Notes to the financial statements
March 31, 2015

9. Budget figures (continued)

LHIN operations

The final operating budget from MOHLTC of $6,105,568 as at March 31, 2015 is made up of the following:

	$
Initial budget as at April 1, 2014	
LHIN Operation	4,115,693
DRCC Program	1,288,626
French Language Services	106,000
Aboriginal Engagement	5,000
Additional funding received during the year for:	
ER/ALC Performance Lead	100,000
ED Lead	75,000
Critical Care Lead	75,000
Primary Care Lead	75,000
ETI PMO	265,249
Final budget	6,105,568

10. General and administration expenses

The statement of operations presents the expenses by function. The following classifies general and administrative expenses by object:

	2015	2014
	$	$
Salaries and benefits	2,879,456	3,070,876
Shared services	388,954	336,951
LHIN Collaborative	47,500	47,500
Staff travel	24,282	23,317
Communication	28,674	30,233
Accommodation	215,096	218,946
Advertising	5,674	2,717
Professional fees and medical professional services	16,800	22,756
Consulting fees	62,774	5,332
Equipment rentals	9,519	20,882
Insurance	7,466	7,209
Other meeting expenses	24,054	25,277
Board Chair's per diem expenses	38,500	39,025
Other Board members' per diem expenses	50,050	28,796
Other governance costs and travel	34,592	40,513
Printing and translation	45,589	8,706
Staff development	18,925	56,697
IT equipment	24,388	8,183
Office supplies and purchased equipment	51,907	40,181
Amortization	38,939	36,314
Other services	23,169	33,407
	4,036,308	4,103,818

Mississauga Halton Local Health Integration Network

Notes to the financial statements
March 31, 2015

11. Project Initiatives

The LHIN received funds for various project initiatives listed in the Statement of operations. The following classifies LHIN project initiatives, by object:

	2015	2014
	$	$
Salaries and benefits	**1,352,062**	1,182,728
Shared services	**12,232**	14,711
Staff travel	**3,416**	5,363
Communication	**927**	4,531
Accommodation	**103,981**	58,569
Advertising	**-**	2,646
Professional fees/Medical Professional Services	**360,930**	469,000
Consulting fees	**3,600**	107,433
Equipment rentals	**-**	2,911
Other meeting expenses	**8,307**	14,247
Staff development	**16,174**	1,005
IT equipment	**39,156**	44,789
Office supplies and purchased equipment	**4,890**	40,935
Other services	**684**	280,227
	1,906,359	2,229,095

Diabetes strategy operational expenses included in the LHIN special funded expenses above are as follows:

	Budget 2015	**Actual 2015**	Actual 2014
	$	**$**	$
Salaries and benefits	**1,017,833**	**977,418**	756,583
Others	**270,793**	**236,933**	429,065
	1,288,626	**1,214,351**	1,185,648

12. Pension agreements

The LHIN makes contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 35 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2015 was $337,283 (2014 - $338,423) for current service costs and is included as an expense in the statement of operations. The last actuarial valuation was completed for the plan as at December 31, 2014. At that time, the plan was fully funded.

13. Guarantees

The LHIN is subject to the provisions of the *Financial Administration Act*. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favour of third parties, except in accordance with the *Financial Administration Act* and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the *Local Health System Integration Act*, 2006 and in accordance with s. 28 of the *Financial Administration Act*.

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North East **LHIN**

Management's Responsibility for the Financial Statements

March 31, 2015

The integrity and objectivity of the accompanying financial statements of the North East Local Health Integration Network (NE LHIN) is the responsibility of management. These financial statements have been prepared in compliance with legislation and in accordance with Generally Accepted Account Principles (GAAP) and under Public Sector Accounting Board (PSAB).

Management is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for the preparation of the financial statements. These systems are monitored and evaluated by management, the Audit Committee and Board of Directors.

Management meets with the external auditors and the Board of Directors to review the financial statements and discuss any significant financial reporting or internal control matters prior to approval of the financial statements.

The financial statements have been audited by Deloitte & Touche LP, independent external auditors appointed by the Board of Directors.

Louise Paquette

Louise Paquette
Chief Executive Officer

Kate A Fyfe

Kathleen A. Fyfe, CPA CA
Senior Director, System Accountability & Performance and Chief Financial Officer

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Deloitte.

Independent Auditor's Report

To the Members of the Board of Directors of the
North East Local Health Integration Network

We have audited the accompanying financial statements of the North East Local Health Integration Network (the "LHIN"), which comprise the statement of financial position as at March 31, 2015, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of LHIN as at March 31, 2015, and the results of its operations, change in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 10, 2015

North East Local Health Integration Network

Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	318,020	947,565
Accounts receivable	17,188	1,223
HST receivable	38,137	63,318
Due from MOHLTC-Health Service Providers ("HSP") (Note 7)	5,405,239	4,869,181
	5,856,558	5,881,287
Liabilities		
Accounts payable and accrued liabilities	482,458	1,010,311
Due to MOHLTC (Note 10b)	-	15,000
Due to the LHIN Shared Services Office (Note 3)	7,430	5,645
Due to Health Service Providers ("HSP") (Note 7)	5,405,239	4,869,181
Deferred capital contributions (Note 6)	186,407	304,807
	6,081,540	6,204,944
Net debt	(224,982)	(323,657)
Commitments (Note 13)		
Non-financial assets		
Prepaid expenses	38,575	18,850
Tangible capital assets (Note 5)	186,407	304,807
	224,982	323,657
Accumulated surplus	-	-

Approved by the Board

Director

Director

The accompanying notes to the financial statements are an integral part of this financial statement.

North East Local Health Integration Network

Statement of operations
year ended March 31, 2015

	Budget (Note 9)	2015 Actual	2014 Actual
	$	$	$
Revenues			
MOHLTC funding			
HSP transfer payments (Note 7)	[illegible]	[illegible]	[illegible]
Operations of LHIN	[illegible]	[illegible]	[illegible]
Project Initiatives			
Enabling technologies	-	810,000	300,000
French Language Health Service	286,000	286,000	286,000
Réseau du mieux-être francophone du Nord de l'Ontario	798,100	798,100	798,100
Emergency Department Lead	-	75,000	75,000
Critical Care Lead	-	75,000	75,000
Aboriginal Engagement	100,000	100,000	100,000
Emergency Room/Alternate Level of Care (Note 3)	-	100,000	100,000
Primary Care Lead	-	75,000	75,000
Diabetes Regional Coordinating Centre	1,097,000	1,097,000	1,097,300
Physiotherapy Reform LHIN Leads	-	-	27,344
Amortization of deferred capital contributions (Note 6)	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Funding repayable to MOHLTC (Note 10)	-	-	[illegible]
	[illegible]	[illegible]	[illegible]
Expenses			
Transfer payments to HSPs (Note 7)	[illegible]	[illegible]	[illegible]
General and administrative (Note 8)	[illegible]	[illegible]	[illegible]
Project Initiatives Note 3)			
Enabling technologies	-	810,000	300,000
French Language Health Service	286,000	286,000	286,000
Réseau du mieux-être francophone du Nord de l'Ontario	798,100	798,100	798,100
Emergency Department Lead	-	75,000	75,000
Critical Care Lead	-	75,000	75,000
Aboriginal Engagement	100,000	100,000	100,000
Emergency Room/Alternate Level of Care	-	100,000	100,000
Primary Care Lead	-	75,000	75,000
Diabetes Regional Coordinating Centre	1,097,000	1,097,000	1,097,300
Physiotherapy Reform LHIN Leads	-	-	27,344
Amortization of tangible capital assets	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Annual surplus and accumulated surplus, end of year	-	-	-

The accompanying notes to the financial statements are an integral part of this financial statement.

North East Local Health Integration Network

Statement of change in net debt
year ended March 31, 2015

	Budget	2015	2014
	$	$	$
Annual surplus	-	-	-
Acquisition of tangible capital assets	-	(17,495)	(203,243)
Amortization of tangible capital assets	131,691	135,895	130,648
(Increase) decrease in prepaid expenses, net	-	(19,725)	2,601
Decrease (increase) in net debt	131,691	98,675	(69,994)
Net debt, beginning of year	(323,657)	(323,657)	(253,663)
Net debt, end of year	(191,966)	(224,982)	(323,657)

The accompanying notes to the financial statements are an integral part of this financial statement.

North East Local Health Integration Network

Statement of cash flows
year ended March 31, 2015

	2015	2014
	$	$
Operating transactions		
Annual surplus	**-**	-
Items not affecting cash		
Amortization of tangible capital assets	**135,895**	130,648
Amortization of deferred capital contributions (Note 4)	**(135,895)**	(130,648)
Changes in non-cash working capital		
(Increase) decrease in accounts receivable	**(15,935)**	6,469
Decrease in HST Receivable	**28,181**	7,586
Decrease (increase) in due from MOHLTC-Health Service Providers	**1,383,952**	(3,331,538)
(Decrease) increase in accounts payable and accrued liabilities	**(409,781)**	221,741
Decrease in due to MOHLTC	**(15,090)**	(204,817)
Increase (decrease) in due to the LHIN Shared Service Office	**2,483**	(23,200)
(Decrease) increase in due to Health Service Providers	**(1,383,952)**	3,331,538
(Increase) decrease in prepaid expenses	**(19,725)**	2,601
	(429,867)	10,380
Capital transaction		
Acquisition of tangible capital assets	**(216,169)**	(157,093)
Financing transaction		
Increase in deferred capital contributions (Note 4)	**17,495**	203,243
Net (decrease) increase in cash	**(628,541)**	56,530
Cash, beginning of year	**947,565**	891,035
Cash, end of year	**319,024**	947,565

(See additional information presented in Note 5.)

The accompanying notes to the financial statements are an integral part of this financial statement.

North East Local Health Integration Network

Notes to the financial statements
March 31, 2015

1. Description of business

The North East Local Health Integration Network was incorporated by Letters Patent on June 2, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the Local Health System Integration Act, 2006 (the "Act") as the North East Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The mandates of the LHIN are to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The LHIN covers the area of Northeastern Ontario. The LHIN enters into service accountability agreements with service providers.

The LHIN is funded by the Province of Ontario in accordance with Ministry-LHIN Performance Agreement ("MLPA"), which describes budget arrangements established by the Ministry of Health and Long-Term Care ("MOHLTC") and provides the framework for the LHIN accountabilities and activities. These financial statements reflect agreed funding arrangements approved by the MOHLTC. The LHIN cannot authorize an amount in excess of the budget allocation set by the MOHLTC.

The LHIN assumed responsibility to authorize transfer payments to HSPs, effective April 1, 2007. The transfer payment amount is based on provisions associated with the respective HSP Accountability Agreement with the LHIN. Throughout the fiscal year, the LHIN authorizes and notifies the MOHLTC of the transfer payment amount; the MOHLTC, in turn, transfers the amount directly to the HSP. The cash associated with the transfer payment does not flow through the LHIN bank account. Commencing April 1, 2007, all funding payments to LHIN managed Health Service Providers ("HSP") in the LHIN geographic area, have flowed through the LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized HSPs are expensed in the LHIN's financial statements for the year ended March 31, 2015.

The LHIN statements do not include any MOHLTC managed programs.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the LHIN are as follows:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal year that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal year that the events giving rise to the expenses are incurred, resources are consumed, and they are measurable.

Through the accrual basis of accounting, expenses include non-cash items, such as the amortization of tangible assets.

North East Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. Significant accounting policies (continued)

Government transfer payments

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Certain amounts, including transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. In addition, certain amounts received are used to pay expenses for which the related services have yet to be performed. These amounts are recorded as payable to the MOHLTC at period end.

Deferred capital contributions

Any amounts received that are used to fund expenses that are recorded as tangible capital assets, are recorded as deferred capital contributions and are recognized as revenue over the useful life of the asset reflective of the provision of its services. The amount recorded under "revenue" in the statement of operations, is in accordance with the amortization policy applied to the related tangible capital asset recorded.

Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Fair value of contributed tangible capital assets is estimated using the cost of asset or, where more appropriate, market or appraisal values. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives as follows:

Furniture and fixtures	5 years straight-line method
Computer equipment	3 years straight-line method
Leasehold improvements	Life of lease straight-line method

For assets acquired and brought into use during the year, amortization is provided for a full year.

Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the statement of operations and within the related notes for both the prior and current year sufficiently discloses information of all appropriate segments and therefore no additional disclosure is required.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accrued liabilities and useful lives of the tangible capital assets. Actual results could differ from those estimates.

North East Local Health Integration Network

Notes to the financial statements
March 31, 2015

3. Related party transactions

LHIN Shared Services Office, LHIN Collaborative

The LHIN Shared Services Office (the "LSSO") and the LHIN Collaborative (LHINC) are divisions of the Toronto Central LHIN and are subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LSSO and LHINC, on behalf of the LHINs, are responsible for providing services to all LHINs. The full costs of providing these services are billed to all the LHINs. Any portions of the LSSO/LHINC operating costs overpaid (or not paid) by the LHIN at the year-end are recorded as a receivable from (payable to) the LSSO/LHINC. This is all done pursuant to the agreement the LSSO/LHINC has with all the LHINs.

Enabling Technologies for Integrated Porject management Office

In fiscal 2014, the LHIN entered into an agreement with the Champlain, South East and North West LHINs (the "Cluster") in order to enable the effective and efficient delivery of e-health programs and initiatives within the geographic area of the Cluster. Funding was provided to enable the cluster LHINs Project Management Offices to advance eHealth, information management and information technology initiatives as outlined in the ETI PMO Toolkit Business Case approved by the MOHLTC.

The LHIN's financial statements reflects its share of the MOHLTC funding for ETI PMO for its Cluster and related expenses. During the year the LHIN received of $510,000 (2014 - $580,000).

4. Deferred capital contributions

	2015	2014
	$	$
Balance, beginning of year	**304,807**	232,212
Capital contributions received	**17,495**	203,243
Amortization	**(135,895)**	(130,648)
Balance, end of year	**186,407**	304,807

5. Tangible capital assets

			2015	2014
	Cost	**Accumulated amortization**	**Net book value**	Net book value
	$	**$**	**$**	$
Furniture and fixtures	**215,059**	**170,583**	**44,476**	61,198
Computer equipment	**192,270**	**173,751**	**18,519**	45,115
Leasehold improvements	**1,185,245**	**1,061,833**	**123,412**	198,494
	1,592,574	**1,406,167**	**186,407**	304,807

paid during the year.

Non-cash transactions

During the year, tangible capital assets were acquired at an aggregate cost of $17,495 (2014 - $203,243) of which $Nil (2014 - $198,674) were paid after year-end and $17,495 (2014 - $4,569) were

North East Local Health Integration Network

Notes to the financial statements
March 31, 2015

6. Budget figures

The budgets were approved by the Government of Ontario. The budget figures reported on the statement of operations reflect the initial budget at April 1, 2012. The figures have been reported for the purposes of these statements to comply with PSAB reporting principles. During the year the government approved budget adjustments. The following reflects the adjustments for the LHIN during the year:

The total HSP funding budget of $1,456,998,541 is made up of the following:

	$
Initial HSP Funding budget	**1,427,511,500**
Adjustment due to announcements made during the year	**29,487,041**
	1,456,998,541

The total operating budget of $7,868,301 is made up of the following:

Initial budget	**7,033,301**
Additional funding received during the year	**835,440**
Amount treated as Capital Contribution	**(17,495)**
Total budget	**7,851,246**

7. Transfer payments to HSPs

The LHIN has authorization to allocate the funding of $1,456,998,541 to the various HSPs in its geographic area. The LHIN approved transfer payments to the various sectors as follows:

	2015 **$**	2014 $
Operation of Hospitals	**946,543,719**	971,964,798
Grants to compensate for Municipal Taxation - Public Hospitals	**211,725**	240,300
Long-term Care Homes	**219,412,436**	213,745,487
Community Care Access Centres	**132,359,143**	132,507,757
Community Support Services	**34,785,603**	30,498,707
Acquired Brain Injury	**2,983,649**	2,687,549
Assisted Living Services in Supportive Housing	**20,715,195**	18,887,538
Community Health Centres	**19,352,638**	18,718,830
Community Mental Health	**57,799,582**	55,364,627
Substance Abuse and Gambling Problem	**22,834,851**	22,084,320
	1,456,998,541	1,466,699,913

The LHIN receives funding from the MOHLTC and in turn allocates it to the HSPs. As at March 31, 2015, an amount of $3,485,239 (2014 - $4,869,191) was receivable from the MOHLTC and was payable to the HSPs. These amounts have been reflected as revenue and expenses in the statement of operations and are included in the table above.

North East Local Health Integration Network

Notes to the financial statements
March 31, 2015

8. General and administrative expenses

The statement of operations presents the expenses by function; the following classifies these same expenses by object:

	2015 $	2014 $
Salaries and wages	**2,954,194**	2,894,828
HOOPP	**277,759**	253,264
Other benefits	**366,950**	335,962
Staff travel	**141,368**	149,568
Governance travel	**11,546**	10,629
Communications	**144,631**	83,962
Accommodation	**259,396**	237,377
Advertising	**6,939**	8,460
Consulting fees	**80,364**	150,611
Equipment rentals	**9,876**	10,895
Board Chair per diems	**9,575**	26,625
Other Governance per diems	**23,922**	8,350
Insurance	**6,762**	6,137
LHIN Shared Services Office	**225,091**	138,886
LHIN Collaborative	**47,500**	47,500
Other meeting expenses	**27,685**	22,234
Other governance expenses	**4,733**	8,615
Printing and translation	**44,849**	61,439
Staff development	**38,630**	21,334
IT equipment	**26,102**	28,458
Office supplies and equipment	**23,804**	24,462
Other	**4,051**	4,853
	4,735,727	4,534,449

9. Program initiatives

The LHIN received funds for various project initiatives listed in the Statement of Operations. The following table classifies the initiatives expenses by object:

	2015 $	2014 $
Salaries and benefits	**1,814,434**	1,809,744
Professional services	**220,680**	279,000
Shared services	**130,000**	87,776
Occupancy	**73,500**	82,393
Public relations and community engagement	**38,071**	45,895
Supplies	**9,042**	41,917
Mail, courier and telecommunications	**13,450**	13,884
Other operating expenses	**816,342**	852,254
	3,115,519	3,212,863

North East Local Health Integration Network

Notes to the financial statements
March 31, 2015

9. Program initiatives (continued)

Diabetes strategy operational expenses included in the project initiative expenses above are as follows:

	Budget 2015	Actual 2015	Actual 2014
	$	$	$
Salaries and benefits	877,620	877,620	877,620
Other operating expenses	209,940	209,940	209,940
	1,087,560	1,087,560	1,087,560

10. Funding repayable to the MOHLTC

In accordance with the MLPA, the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

a) The amount repayable to the MOHLTC is made up of the following components:

			2015	2014
	Funding received	Eligible expenses	Excess funding	Excess funding
	$	$	$	$
Transfer payments to HSPs	1,456,998,541	1,456,998,541	-	-
LHIN operations	4,735,727	4,735,727	-	4,660
Amortization of capital assets	135,895	135,895	-	-
Enabling technologies	510,000	510,000	-	-
French Language Health Services	296,800	296,800	-	-
Reseau du mieux-etre franophone du Nord l'Ontario	796,159	796,159	-	-
Emergency Department Lead	75,000	75,000	-	-
Critical Care Lead	75,000	75,000	-	-
Aboriginal Engagement	100,000	100,000	-	-
Emergency Room/Alternate Level of Care	100,000	100,000	-	-
Primary Care Lead	75,000	75,000	-	-
Diabetes Regional Coordination Centre	1,087,560	1,087,560	-	10,430
Physiotherapy Reform	-	-	-	-
	1,464,985,682	1,464,985,682	-	15,090

b) The amount due to the MOHLTC is made up of the following components:

	2015	2014
	$	$
Opening balance	15,090	219,907
Funding recovered by the MOHLTC	(15,090)	(219,907)
Funding repayable to the MOHLTC (Note 10a)	-	15,090
Closing balance	-	15,090

North East Local Health Integration Network

Notes to the financial statements
March 31, 2015

11. Pension agreements

The LHIN makes contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 49 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2015 was $416,562 (2014 - $384,580) for current service costs and is included as an expense in the statement of operations. The last actuarial valuation was completed for the plan as at December 31, 2014. At that time the plan was fully funded.

12. Guarantees

The LHIN is subject to the provisions of the *Financial Administration Act*. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in the favor of third parties, except in accordance with the *Financial Administration Act* and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the *Local Health System Integration Act, 2006* and in accordance with s. 28 of the *Financial Administration Act*.

13. Commitments

The LHIN has commitments under various operating leases related to building and equipment. Minimum lease payments due under the building and equipment lease are as follows:

	$
2016	192,171
2017	89,500
2018	63,417
2019	68,000
2020	68,000
Thereafter	204,000
	685,088

The LHIN also has funding commitments to HSPs associated with accountability agreements. As of March 31, 2015 the LHIN had signed Accountability Agreements with all Hospitals, Long-Term Care Home and Community Agencies. The actual amounts which will ultimately be paid are contingent upon actual LHIN funding received from MOHLTC.

North Simcoe Muskoka LHIN

Management's Responsibility for the Financial Statements

March 31, 2015

The integrity and objectivity of the accompanying financial statements of the North Simcoe Muskoka Local Health Integration Network is the responsibility of management. These financial statements have been prepared in compliance with legislation and in accordance with Generally Accepted Accounting Principles (GAAP) and Public Sector Accounting Board (PSAB) standards.

Management is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for the preparation of the financial statements. These systems are monitored and evaluated by management, the Finance & Audit Committee and Board of Directors.

Management meets with the external auditors and the Board of Directors to review the financial statements and discuss any significant financial reporting or internal control matters prior to approval of the financial statements.

The financial statements have been audited by Deloitte LLP, independent external auditors appointed by the Board of Directors.

Jill Tettmann
Chief Executive Officer

June 29 2015
Date

Archibald Outar
Controller

June 29-15
Date

Ontario
Local Health Integration Network
Réseau local d'intégration des services de santé

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5140 Yonge Street
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Toronto ON M2N 6L7
Canada

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Deloitte.

Independent Auditor's Report

To the Members of the Board of Directors of the
North Simcoe Muskoka Local Health Integration Network

We have audited the accompanying financial statements of the North Simcoe Muskoka Local Health Integration Network (the "LHIN"), which comprise the statement of financial position as at March 31, 2015, and the statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of North Simcoe Muskoka LHIN as at March 31, 2015, and the results of its operations, change in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
May 25, 2015

North Simcoe Muskoka Local Health Integration Network

Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	[illegible]	[illegible]
Due from Ministry of Health and Long-Term Care ("MOHLTC") (Note 4)	[illegible]	[illegible]
HST receivable and other	[illegible]	[illegible]
	[illegible]	[illegible]
Liabilities		
Accounts payable and accrued liabilities	[illegible]	[illegible]
Due to MOHLTC Ontario (Note 3b)	[illegible]	[illegible]
Due to HSPs (Note 3)	[illegible]	[illegible]
Deferred revenue	[illegible]	[illegible]
Deferred capital contributions (Note 5)	[illegible]	[illegible]
	[illegible]	[illegible]
Net debt	[illegible]	[illegible]
Commitments (Note 6)		
Non-financial assets		
Prepaid expenses	[illegible]	[illegible]
Tangible capital assets (Note 7)	[illegible]	[illegible]
	[illegible]	[illegible]
Accumulated surplus	-	-

Approved by the Board

Director

Director

The accompanying notes to the financial statements are an integral part of these financial statements.

North Simcoe Muskoka Local Health Integration Network

Statement of operations
year ended March 31, 2015

	Budget (Note 9)	2015 Actual	2014 Actual
	$	$	$
Revenue			
MOHLTC Ontario funding			
HSP transfer payments (Note 8)	[illegible]	[illegible]	[illegible]
Operations of LHIN	[illegible]	[illegible]	[illegible]
Project initiatives			
Aboriginal Planning	[illegible]	[illegible]	[illegible]
Critical Care Lead	70,000	70,000	70,000
Enabling Technologies for Integration Project Management Office	[illegible]	[illegible]	[illegible]
Emergency Department LHIN Lead	70,000	70,000	70,000
Entité de planification des services de santé en français de Centre Sud-Ouest	[illegible]	[illegible]	[illegible]
Emergency Room/Alternative Level of Care Performance Lead	100,000	100,000	100,000
French Language Health Services	[illegible]	[illegible]	[illegible]
Primary Care LHIN Lead	70,000	70,000	70,000
Diabetes Regional Coordination	[illegible]	[illegible]	[illegible]
Amortization of deferred capital contributions (Note 5)	-	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Funding repayable to the MOHLTC Ontario (Note 3a)	-	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Expenses			
Transfer payments to HSPs (Note 8)	[illegible]	[illegible]	[illegible]
General operating expenses (Note 10)	[illegible]	[illegible]	[illegible]
Project initiatives			
Aboriginal Planning	[illegible]	[illegible]	[illegible]
Critical Care Lead	70,000	[illegible]	[illegible]
Enabling Technologies for Integration Project Management Office	[illegible]	[illegible]	[illegible]
Emergency Department LHIN Lead	70,000	[illegible]	[illegible]
Entité de planification des services de santé en français de Centre Sud-Ouest	[illegible]	[illegible]	[illegible]
Emergency Room/Alternative Level of Care Performance Lead	100,000	100,000	100,000
French Language Health Services	[illegible]	[illegible]	[illegible]
Primary Care LHIN Lead	70,000	[illegible]	[illegible]
Diabetes Regional Coordination	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Annual surplus	-	-	-
Accumulated surplus, beginning of year	-	-	-
Accumulated surplus, end of year	-	-	-

The accompanying notes to the financial statements are an integral part of these financial statements.

North Simcoe Muskoka Local Health Integration Network

Statement of change in net debt
year ended March 31, 2015

	Budget (Note 8)	2015 Actual	2014 Actual
	$	$	$
Annual surplus	-		-
Acquisition of tangible capital assets	-	**(85,690)**	(304,350)
Amortization of tangible capital assets	-	**144,514**	165,334
Change in other non-financial assets	-	**(26,273)**	(51,202)
Increase in net debt	-	**32,551**	(190,218)
Net debt, beginning of year	**(515,262)**	**(515,262)**	(325,044)
Net debt, end of year	**(515,262)**	**(482,711)**	(515,262)

The accompanying notes to the financial statements are an integral part of these financial statements.

North Simcoe Muskoka Local Health Integration Network

Statement of cash flows
year ended March 31, 2015

	2015	2014
	$	$
Operating transactions		
Annual surplus	-	-
Less items not affecting cash		
Amortization of tangible capital assets	**144,514**	165,334
Amortization of deferred capital contributions (Note 5)	**(144,514)**	(165,334)
	-	-
Changes in non-cash operating items		
Prepaid expenses	**(26,273)**	(51,202)
Due from MOHLTC ("HSP's")	**(360,274)**	(5,838,059)
Due from LHIN Shared Services Office	-	32,613
HST receivable	**13,816**	38,482
Accounts payable and accrued liabilities	**(185,946)**	(217,167)
Due to the MOHLTC Ontario	**(12,918)**	18,918
Due to HSPs	**360,274**	5,838,059
Deferred revenue	**(3,750)**	(7,031)
	(215,071)	(185,387)
Capital investment		
Acquisition of tangible capital assets	**(85,690)**	(304,350)
Financing transactions		
Capital contributions received (Note 5)	**85,690**	304,350
Net decrease in cash	**(215,071)**	(185,387)
Cash, beginning of year	**687,163**	872,550
Cash, end of year	**472,092**	687,163

The accompanying notes to the financial statements are an integral part of these financial statements.

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements
March 31, 2015

1. Description of business

The North Simcoe Muskoka Local Health Integration Network was incorporated by Letters Patent on June 2, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the Local Health System Integration Act, 2006 (the "Act") as the North Simcoe Muskoka Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The mandates of the LHIN are to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The LHIN covers the municipalities of Muskoka, most of Simcoe County and part of Grey County. The LHIN enters into service accountability agreements with service providers.

The LHIN is funded by the Province of Ontario in accordance with Ministry-LHIN Performance Agreement ("MLPA"), which describes budget arrangements established by the Ministry of Health and Long-Term Care ("MOHLTC") and provides the framework for the LHIN accountabilities and activities. These financial statements reflect agreed funding arrangements approved by the MOHLTC. The LHIN cannot authorize an amount in excess of the budget allocation set by the MOHLTC.

The LHIN assumed responsibility to authorize transfer payments to HSPs, effective April 1, 2007. The transfer payment amount is based on provisions associated with the respective HSP Accountability Agreement with the LHIN. Throughout the fiscal year, the LHIN authorizes and notifies the MOHLTC of the transfer payment amount; the MOHLTC, in turn, transfers the amount directly to the HSP. The cash associated with the transfer payment does not flow through the LHIN bank account. Commencing April 1, 2007, all funding payments to LHIN managed Health Service Providers ("HSP") in the LHIN geographic area, have flowed through the LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized HSPs are expensed in the LHIN's financial statements for the year ended March 31, 2015.

The LHIN statements do not include any MOHLTC managed programs.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the LHIN are as follows:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal year that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal year that the events giving rise to the expenses are incurred, and they are measurable. Through the accrual basis of accounting, expenses include non-cash items, such as the amortization of tangible capital assets.

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. Significant accounting policies (continued)

Government transfer payments

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and the reasonable estimates of the amount can be made.

Certain amounts, including transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. In addition, certain amounts received are used to pay expenses for which the related services have yet to be performed. These amounts are recorded as payable to the MOHLTC at period end.

Deferred capital contributions

Any amounts received that are used to fund tangible capital asset purchases, are recorded as deferred capital contributions and are recognized over the useful life of the asset reflective of the provision of its services. The amount recorded under "revenue" in the Statement of Operations, is in accordance with the amortization policy applied to the related tangible capital asset recorded.

Tangible capital assets

Tangible capital assets are recorded at historic cost. Historic cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Fair value of contributed tangible capital assets is estimated using the cost of asset or, where more appropriate, market or appraisal values. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software is recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives as follows:

Computer equipment and development	3 years straight-line method
Leasehold improvements	Life of lease straight-line method
Office furniture and equipment	5 years straight-line method

For assets acquired or bought into use during the year, amortization is provided for a full year.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Segmented disclosures

Management has determined that existing disclosures in the Statement of Operations and within the related notes for both the prior and current year sufficiently disclose information of all appropriate segments and, therefore, no additional disclosure is required.

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements
March 31, 2015

3. Funding repayable to the MOHLTC

In accordance with the MLPA, the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

a) The amount repayable to the MOHLTC related to current year activities is made up of the following components:

	Funding received	Eligible expenses	2015 Excess funding	2014 Excess funding
	$	$	$	$
General LHIN operations	4,097,670	4,047,035	50,635	74,877
LHIN special funded initiatives				
Aboriginal Planning	30,000	30,000	-	-
Diabetes regional Centre	833,406	833,406	-	-
Critical Care Lead	75,000	72,250	2,750	21,000
Enabling Technologies	501,431	501,431	-	-
Emergency Department LHIN Lead	75,000	67,168	7,832	20,134
Entite de planification des services de sante en francais #4 Centre Sud-Ouest	654,064	654,064	-	-
Emergency Room/Alternative Level of Care Performance Lead	100,000	100,000	-	-
French Language Health Services	104,286	91,361	12,925	20,268
Primary Care LHIN Lead	75,000	72,753	2,247	5,371
Total LHIN special funded initiatives	2,448,187	2,422,433	25,754	66,773
	6,545,857	6,469,468	76,389	141,650

b) The amount due to the MOHLTC at March 31 is made up as follows:

	2015	2014
	$	$
Due to MOHLTC, beginning of year	89,307	70,389
Funding repaid to MOHLTC during the current year	(89,307)	(122,732)
Funding repayable to the MOHLTC related to current year activities (Note 3a)	76,389	141,650
Due to MOHLTC, end of year	76,389	89,307

4. Related party transactions

LHIN Shared Service Office and LHINC Collaborative

The LHIN Shared Services Office (the "LSSO") is a division of the Toronto Central LHIN and is subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LSSO, on behalf of the LHINs, is responsible for providing services to all LHINs. The full costs of providing these services are billed to all of the LHINs. Any portion of the LSSO operating costs overpaid (or not paid) by the LHINs at year end are recorded as a receivable (payable) from (to) the LSSO. This is all done pursuant to the Shared Service Agreement the LSSO has with all the LHINs.

LHIN Collaborative (LHINC) was formed in fiscal 2010 as a LHIN-led service to strengthen relationships between and among health service providers. LHINC is accountable to the LHINs, and funded by the LHINs with support from the Ministry of Health and Long-Term Care.

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements
March 31, 2015

4. Related party transactions (continued)

Enabling Technologies for Integration Project Management Office

Effective February 1, 2012, the LHIN entered into an agreement with Central, Central West, Central East, Toronto Central, and Mississauga Halton (the "Cluster") in order to enable the effective and efficient delivery of e-health programs and initiatives within the geographic area of the Cluster. Under the agreement, decisions related to the financial and operating activities of the Enabling Technologies for Integration Project Management Office are shared. No LHIN is in a position to exercise unilateral control.

The LHIN's financial statement reflects its share of the MOHLTC funding for Enabling Technologies for Integration Project Management Offices for its Cluster and related expenses. During the year, the LHIN received funding from Central West LHIN of $ 510,000 (2014 - $580,000).

5. Deferred capital contributions

	2015	2014
	$	$
Balance, beginning of year	**441,919**	302,903
Capital contributions received during the year	**85,690**	304,350
Amortization for the year	**(144,514)**	(165,334)
Balance end of year	**383,095**	441,919

6. Commitments

The LHIN has commitments under various operating leases expiring at dates up to 2020 related to building and equipment. Lease renewals are likely. Minimum lease payments due over the remaining terms of these leases are as follows:

	$
2016	196,020
2017	196,020

The LHIN has funding commitments to health service providers associated with accountability agreements. The LHIN had the following funding commitments as of March 31, 2015.

	$
2016	7,009,074

The actual amounts which will ultimately be paid are contingent upon LHIN funding received by the MOHLTC.

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements
March 31, 2015

7. Tangible capital assets

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Office furniture and equipment	883,626	629,046	254,580	254,692
Computer equipment	151,240	151,240	-	-
Leasehold improvements	1,180,907	1,052,392	128,515	187,227
	2,215,773	1,832,678	383,095	441,919

8. Budget figures

The budgets were approved by the Government of Ontario. The budget figures reported on the Statement of operations reflect the initial budget at April 1, 2014. The figures have been reported for the purposes of these statements to comply with PSAB reporting requirements. During the year the government approved budget adjustments. The following reflects the adjustments for the LHIN during the year:

The total HSP funding budget of $859,200,034 is made up of the following:

	$
Initial budget	840,288,389
Adjustment due to announcements made during the year	18,911,645
	859,200,034

The total revised operating budget of $6,456,597 is made up of the following:

	$
Initial operating budget as reported on the statement of operations	6,631,594
Adjust for funding changes made during the year:	
Enabling Technologies	
In-year recoveries by the MOHLTC	(89,307)
Amount utilized for Capital Asset purchases	(85,690)
Revised operating budget	6,456,597

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements
March 31, 2015

9. Transfer payments to HSPs

The LHIN has authorization to allocate funding of $859,200,034 (2014 - $840,288,389) to the various HSPs in its geographic area. The LHIN approved transfer payments to the various sectors in fiscal 2015 as follows:

	2015	2014
	$	$
Operations of hospitals	**441,043,734**	434,567,460
Grants to compensate for municipal taxation - public hospitals	**77,625**	77,625
Long term care homes	**140,687,279**	137,304,554
Community care access centres	**99,268,959**	94,917,093
Community support services	**13,968,654**	13,743,709
Assisted living services in supportive housing	**7,526,798**	7,210,957
Community health centres	**11,010,190**	10,348,273
Community mental health	**26,070,583**	24,208,852
Addictions program	**5,017,284**	4,828,543
Specialty psychiatric hospitals	**112,554,151**	111,895,509
Grants to compensate for municipal taxation - psychiatric hospitals	**23,400**	23,400
Acquired brain injury	**1,162,414**	1,162,414
	858,411,071	840,288,389

The LHIN receives money from the MOHLTC and in turn allocates it to the HSPs. As at March 31, 2015, an amount of $7,009,074 (2014 - $6,648,800) was receivable from the MOHLTC and payable to HSPs. These amounts have been reflected as revenue and expenses in the Statement of Operations and are included in the table above.

10. General operating expenses

The Statement of operations presents General operating expenses by function, the following classifies general operating expenses, by object.

	2015	2014
	$	$
Salaries and benefits	**2,986,288**	2,814,095
Occupancy	**166,477**	209,892
Amortization	**144,514**	165,334
Shared services	**277,392**	331,864
Advertising and public relations	**57,252**	143,702
Consulting services	**167,392**	96,073
Other services	**98,949**	134,053
Supplies, equipment and licences	**89,275**	37,849
Board Chair Per Diems	**52,365**	57,425
Other Board Per Diems	**42,225**	43,875
Board expenses	**20,539**	31,130
Travel	**41,810**	58,165
Mail, courier and telecommunications	**47,071**	75,404
	4,191,549	4,198,861

North Simcoe Muskoka Local Health Integration Network

Notes to the financial statements
March 31, 2015

11. Project Initiatives

The Statement of operations presents total expenses for individual project initiative, the following classifies initiative expenses by object:

	2015	2014
	$	$
Salaries and benefits	**1,059,484**	979,821
Occupancy	**91,152**	94,669
Shared services	**117,199**	173,972
Advertising and public relations	**3,139**	20,082
Consulting services	**7,973**	1,400
Other services	**144,428**	108,100
Supplies, equipment and licences	**946**	56,928
Medical Professional Services	**315,387**	228,516
Travel	**16,118**	16,974
Mail, courier and telecommunications	**12,543**	97,710
Special project expenditures	**654,064**	654,064
	2,422,433	2,432,236

Expenses incurred in respect of Diabetes Regional Coordination are as follows:

	2015	2014
	$	$
Salaries and benefits	**571,082**	448,827
Operating expenses	**262,324**	374,254
Tangible capital assets	**-**	156,800
	833,406	979,881

12. Pension agreements

The LHIN makes contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 26 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2015 was $249,386 (2014 - $241,768) for current service costs and is included as an expense in the Statement of Operations. The last actuarial valuation was completed for the plan as of December 31, 2013. At that time, the plan was fully funded.

13. Guarantees

The LHIN is subject to the provisions of the *Financial Administration Act*. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favor of third parties, except in accordance with the *Financial Administration Act* and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the Local Health System Integration Act, 2006 and in accordance with s. 28 of the *Financial Administration Act*.

14. Prior year comparative figures

Certain of prior years' comparative figures have been reclassified to conform with current year's presentation.

North West **LHIN**

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Sans frais : 1 866 907-5446
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www.northwestlhin.on.ca

Management's Responsibility for the Financial Statements

March 31, 2015

The integrity and objectivity of the accompanying financial statements of the North West Local Health Integration Network (NWLHIN) is the responsibility of management. These financial statements have been prepared in compliance with legislation and in accordance with Generally Accepted Account Principles (GAAP) and under Public Sector Accounting Board (PSAB).

Management is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for the preparation of the financial statements. These systems are monitored and evaluated by management, the Audit Committee and Board of Directors.

Management meets with the external auditors and the Board of Directors to review the financial statements and discuss any significant financial reporting or internal control matters prior to approval of the financial statements.

The financial statements have been audited by Deloitte LLP, independent external auditors appointed by the Board of Directors.

Laura Kokocinski
CEO

Chris Weislo
Controller

Deloitte LLP
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Suite 1700
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Deloitte.

Independent Auditor's Report

To the Members of the Board of Directors of the
North West Local Health Integration Network

We have audited the accompanying financial statements of North West Local Health Integration Network, which comprise the statement of financial position as at March 31, 2015, and the statement of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of North West Local Health Integration Network as at March 31, 2015 and the results of its operations, change in its net debt, and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
May 26, 2015

North West Local Health Integration Network

Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	[illegible]	657,412
Due from Ministry of Health and Long Term Care ("MOHLTC")		
Health Service Provider ("HSP") transfer payments (Note 3)	[illegible]	2,527,739
Accounts receivable	[illegible]	54,201
	[illegible]	3,239,352
Liabilities		
Accounts payable and accrued liabilities	[illegible]	413,885
Due to HSPs (Note 3)	[illegible]	2,527,739
Due to MOHLTC (Note 3)	[illegible]	291,334
Due to the LHIN Shared Services Office (Note 4)	[illegible]	6,014
Deferred capital contributions (Note 5)	[illegible]	170,805
	[illegible]	3,410,157
Net debt	[illegible]	(170,805)
Commitments (Note 6)		
Non-financial assets		
Tangible capital assets (Note 7)	[illegible]	170,805
Prepaid expenses	[illegible]	-
	[illegible]	170,805
Accumulated surplus	-	-

Approved by the Board

Director

Director

The accompanying notes to the financial statements are an integral part of these financial statements.

North West Local Health Integration Network

Statement of operations
year ended March 31, 2015

	Budget (Note 9)	2015 Actual	2014 Actual
	$	$	$
Revenue			
MOHLTC funding			
HSPs transfer payments (Note 8)	[illegible]	[illegible]	[illegible]
Operations of LHIN	[illegible]	[illegible]	[illegible]
Project initiatives			
Aboriginal Community Engagement	100,000	100,000	100,000
Emergency Department ("ED") LHIN Lead	-	75,000	75,000
Critical Care ("CC") LHIN Lead	-	75,000	75,000
Emergency Room/Alternative Level of Care ("ER/ALC") Performance Lead	-	100,000	100,000
Primary Care ("PC") LHIN Lead	-	75,000	75,000
French Language Health Services	108,000	108,000	108,000
Diabetes Regional Coordination Centre	[illegible]	[illegible]	[illegible]
Enabling Technologies for Integration Project Management Office	-	[illegible]	[illegible]
Amortization of deferred capital contributions	-	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Funding repayable to the MOHLTC (Note 3)	-	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Expenses			
Transfer payments to HSPs (Note 8)	[illegible]	[illegible]	[illegible]
General and administrative (Note 10)	[illegible]	[illegible]	[illegible]
Project initiatives (Note 11)			
Aboriginal Community Engagement	100,000	[illegible]	[illegible]
Enabling Technologies for Integration Project Management Office (Note 4)	-	[illegible]	[illegible]
ED LHIN Lead	-	[illegible]	75,000
CC LHIN Lead	-	75,000	[illegible]
Emergency Room/Alternative Level of Care ("ER/ALC") Performance Lead	-	100,000	100,000
Primary Care ("PC") LHIN Lead	-	[illegible]	[illegible]
French Language Health Services	108,000	108,000	108,000
Diabetes Regional Coordination Centre	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Annual surplus and accumulated surplus, end of year	-	-	-

The accompanying notes to the financial statements are an integral part of these financial statements.

North West Local Health Integration Network

Statement of change in net debt
year ended March 31, 2015

	2015	2014
	$	$
Annual surplus	-	-
Acquisition of tangible capital assets	(153,686)	(35,072)
Amortization of tangible capital assets	161,710	127,121
Prepaid expenses incurred	(28,244)	-
(Increase) decrease in net debt	(20,220)	92,049
Net debt, beginning of year	(178,805)	(270,854)
Net debt, end of year	(199,025)	(178,805)

The accompanying notes to the financial statements are an integral part of these financial statements.

North West Local Health Integration Network

Statement of cash flows
year ended March 31, 2015

	2015	2014
	$	$
Operating transactions		
Annual surplus	-	-
Less items not affecting cash		
Amortization of tangible capital assets	161,710	127,121
Amortization of deferred capital contributions (Note 5)	(161,710)	(127,121)
Changes in non-cash operating items		
Prepaid expenses	(28,244)	-
Due from MOHLTC - HSPs transfer payments	121,981	3,482,174
Accounts receivable	(53,073)	1,625
Accounts payable and accrued liabilities	97,198	34,476
Due to HSPs	(121,981)	(3,482,174)
Due to MOHLTC	(164,544)	(49,355)
Due to LHIN Shared Services Office	6,161	(4,934)
	(142,502)	(18,188)
Capital transaction		
Acquisition of tangible capital assets	(153,686)	(35,072)
Financing transaction		
Increase in deferred capital contributions (Note 5)	153,686	35,072
Net decrease in cash	(142,502)	(18,188)
Cash, beginning of year	657,412	675,600
Cash, end of year	514,910	657,412

The accompanying notes to the financial statements are an integral part of these financial statements.

North West Local Health Integration Network

Notes to the financial statements

March 31, 2015

1. Description of business

The North West Local Health Integration Network was incorporated by Letters Patent on June 16, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the Local Health System Integration Act, 2006 (the "Act") as the North West Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The mandates of the LHIN are to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The LHIN covers the Districts of Thunder Bay, Rainy River and most of Kenora. The LHIN enters into service accountability agreements with service providers.

The LHIN is funded by the Province of Ontario in accordance with Ministry-LHIN Performance Agreement ("MLPA"), which describes budget arrangements established by the Ministry of Health and Long-Term Care ("MOHLTC") and provides the framework for the LHIN accountabilities and activities. These financial statements reflect agreed funding arrangements approved by the MOHLTC. The LHIN cannot authorize an amount in excess of the budget allocation set by the MOHLTC.

The LHIN assumed responsibility to authorize transfer payments to HSPs, effective April 1, 2007. The transfer payment amount is based on provisions associated with the respective HSP Accountability Agreement with the LHIN. Throughout the fiscal year, the LHIN authorizes and notifies the MOHLTC of the transfer payment amount; the MOHLTC, in turn, transfers the amount directly to the HSP. The cash associated with the transfer payment does not flow through the LHIN bank account. Commencing April 1, 2007, all funding payments to LHIN managed Health Service Providers ("HSP") in the LHIN geographic area, have flowed through the LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized HSPs are expensed in the LHIN's financial statements for the year ended March 31, 2015.

The LHIN statements do not include any MOHLTC managed programs.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the LHIN are as follows:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal year that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal year that the events giving rise to the expenses are incurred, resources are consumed, and they are measurable. Through the accrual basis of accounting, expenses include non-cash items, such as the amortization of tangible capital assets.

North West Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. Significant accounting policies (continued)

Government transfer payments

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Certain amounts, including transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. In addition, certain amounts received are used to pay expenses for which the related services have yet to be performed. These amounts are recorded as payable to the MOHLTC at period end.

Deferred capital contributions

Any amounts received that are used to fund expenses that are recorded as tangible capital assets, are recorded as deferred capital contributions and are recognized as revenue over the useful life of the asset reflective of the provision of its services. The amount recorded under "revenue" in the Statement of operations, is in accordance with the amortization policy applied to the related tangible capital asset recorded.

Tangible capital assets

Tangible capital assets are recorded at historic cost. Historic cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Fair value of contributed tangible capital assets is estimated using the cost of asset or, where more appropriate, market or appraisal values. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software is recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives as follows:

Office furniture and fixtures	5 years straight-line method
Computer equipment	3 years straight-line method
Leasehold improvements	Life of lease straight-line method
Web development	3 years straight-line method

For assets acquired or brought into use during the year, amortization is provided for a full year.

Segmented information

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the Statement of operations and within the related notes for both the prior and current year sufficiently disclose information for all appropriate segments and therefore no additional disclosure is required.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accrued liabilities and useful lives of the tangible capital assets. Actual results could differ from those estimates.

North West Local Health Integration Network

Notes to the financial statements
March 31, 2015

3. Funding repayable to the MOHLTC

LHIN Shared Service Office and LHINC Collaborative

In accordance with the MLPA, the LHIN is required to be in a balanced position at year-end. Thus, any funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

In accordance with the TPA, the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to MOHLTC.

The amount repayable to the MOHLTC related to the current year activities is made up of the following components:

			2015	2014
	Funding	**Eligible expenses**	**Funding excess**	Funding excess
	$	**$**	**$**	$
Transfer payments to HSPs	**652,454,696**	**652,454,696**	**-**	-
LHIN operations	**4,787,616**	**4,731,846**	**55,769**	77,250
Aboriginal Community Engagement	**160,000**	**154,770**	**5,231**	16,521
Enabling Technologies for Integration Project Management Office	**510,000**	**510,000**	**-**	99,258
ED LHIN Lead	**75,000**	**74,721**	**279**	-
Critical Care ("CC") LHIN Lead	**75,000**	**75,000**	**-**	2,575
ER/ALC Performance Lead	**100,000**	**100,000**	**-**	-
PC LHIN Lead	**75,000**	**73,518**	**1,482**	1,604
French Language Health Services	**106,000**	**106,000**	**-**	-
Diabetes Education	**1,063,570**	**999,541**	**64,029**	94,126
	659,406,882	**659,280,092**	**126,790**	291,334

The continuity of the amount due to the MOHLTC at March 31 is as follows:

	2015	2014
	$	$
Due to MOHLTC, beginning of year	**291,334**	340,689
Funding repaid to MOHLTC	**(291,334)**	(340,689)
Funding repayable to the MOHLTC related to current year activities	**126,790**	291,334
Due to MOHLTC, end of year	**126,790**	291,334

4. Related party transactions

LHIN Shared Services Office and LHINC

The LHIN Shared Services Office (the "LSSO") and the Local Health Integration Network Collaborative (the "LHINC") are divisions of the Toronto Central LHIN and are subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LSSO and LHINC, on behalf of the LHINs are responsible for providing services to all LHINs. The full costs of providing these services are billed to all the LHINs. Any portion of the LSSO operating costs overpaid (or not paid) by the LHIN at year end is recorded as a receivable (payable) from (to) the LSSO. This is all done pursuant to the shared service agreement the LSSO has with all LHINs.

North West Local Health Integration Network

Notes to the financial statements
March 31, 2015

4. Related party transactions (continued)

Enabling Technologies for Integration Project Management Office

Effective February 1, 2012, the LHIN entered into an agreement with South East LHIN, North East LHIN and Champlain LHIN (the "Cluster") in order to enable the effective and efficient delivery of e-health programs and initiatives within the geographic area of the Cluster. Under the agreement, decisions related to the financial and operating activities of the Enabling Technologies for Integration Project Management Office are shared. No LHIN is in a position to exercise unilateral control.

The LHIN's financial statement reflects its share of the MOHLTC funding for Enabling Technologies for Integration Project Management Offices for its Cluster and related expenses. During the year, the LHIN received funding from Champlain LHIN of $510,000 (2014 - $580,000).

5. Deferred capital contributions

	2015	2014
	$	$
Balance, beginning of year	**178,805**	270,854
Capital contributions received during the year	**153,686**	35,072
Amortization for the year	**(161,710)**	(127,121)
Balance, end of year	**170,781**	178,805

6. Commitments

The LHIN has commitments under various operating leases related to building and equipment extending to 2020. Lease renewals are likely. Minimum lease payments due in each of the next five years are as follows:

	$
2016	154,432
2017	75,842
2018	54,813
2019	52,718
2020	48,725
	386,530

The LHIN also has funding commitments to HSPs associated with accountability agreements. Minimum commitments to HSPs related to the next five years, based on the current accountability agreements, are as follows:

	$
2016	628,405,427
2017	130,910,302
	759,315,729

The actual amounts which will ultimately be paid are contingent upon actual LHIN funding received from the MOHLTC.

North West Local Health Integration Network

Notes to the financial statements
March 31, 2015

7. Tangible capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
	$	$	$	$
Office furniture and fixtures	392,570	350,198	42,372	56,878
Computer equipment	109,648	90,387	19,261	11,938
Leasehold improvements	835,427	726,279	109,148	109,989
	1,337,645	1,166,864	170,781	178,805

8. Budget figures

The budget was approved by the Government of Ontario. The budget figures reported in the statement of operations reflect the initial budget. The figures have been reported for the purposes of these statements to comply with PSAB reporting principles. During the year, the government approved budget adjustments. The following reflects the adjustments for the LHIN during the year:

The final HSP funding budget of $652,454,696 is derived as follows:

	$
Initial HSP funding budget	608,976,186
Adjustment due to announcements made during the year	43,478,510
Final HSP funding budget	652,454,696

The final LHIN budget, excluding the HSP funding, of $6,790,476 is derived as follows:

	$
Initial budget	6,109,162
Additional funding received during the year	
E-Health	510,000
Critical Care Lead	75,000
ER/ALC Lead	100,000
ED LHIN Lead	75,000
Primary Care Lead	75,000
Amount treated as capital contributions made during the year	(153,686)
Final budget	6,790,476

North West Local Health Integration Network

Notes to the financial statements
March 31, 2015

9. Transfer payments to HSPs

The LHIN has authorization to allocate funding of $652,454,696 to the various HSPs in its geographic area. The LHIN approved transfer payments to the various sectors as follows:

	2015	2014
	$	$
Operation of hospitals	**441,657,628**	434,144,678
Grants to compensate for municipal taxation - public hospitals	**105,375**	105,375
Long term care homes	**71,169,619**	69,857,609
Community care access centres	**52,851,858**	52,178,133
Community support services	**15,896,203**	14,566,428
Acquired brain injury	**1,047,400**	1,817,346
Assisted living services in supportive housing	**13,149,211**	9,042,001
Community health centres	**9,723,533**	9,653,216
Community mental health program	**31,116,875**	30,219,856
Addictions program	**15,736,994**	14,554,728
	652,454,696	636,139,370

The LHIN receives funding from the MOHLTC and in turn allocates it to the HSPs. As at March 31, 2014, an amount of $2,405,758 (2014 - $2,527,739) was receivable from the MOHLTC, and $2,405,758 (2014 - $2,527,739) was payable to HSPs. These amounts have been reflected as revenue and expenses in the Statement of operations and are included in the table above.

10. General and administrative expenses

The statement of operations presents expenses by function. The following classifies general and administrative expenses by object:

	2015	2014
	$	$
Salaries and benefits	**3,205,785**	3,333,357
Occupancy	**200,071**	211,801
Amortization	**161,710**	127,121
Equipment and maintenance	**58,268**	51,838
Shared services	**393,662**	341,662
Public relations and community forums	**35,851**	46,382
Professional fees	**14,800**	14,800
Travel	**136,982**	115,017
Staff development and recruitment	**122,757**	121,981
Consulting services	**23,764**	72,942
LHIN collaborative	**47,500**	47,500
Supplies, printing and office	**76,001**	81,900
Other board member per diems	**43,541**	61,428
Board chair per diems	**23,645**	23,800
Other governance and travel costs	**129,381**	103,920
Mail, courier and telecommunications	**58,128**	66,286
	4,731,846	4,821,735

North West Local Health Integration Network

Notes to the financial statements
March 31, 2015

11. Project Initiatives

The Statement of operations presents project initiative expenses for each individual initiative, the following classifies project initiative expenses by object:

	2015	2014
	$	$
Salaries and benefits	1,427,709	1,437,117
Professional services	337,493	286,821
Travel	89,797	71,604
Accomodations	78,138	75,438
Computer	40,544	21,201
Meeting/Public Relations	38,980	22,487
Staff development and recruitment	24,676	47,584
Translation services	17,571	23,462
Supplies - printing and office	15,180	17,772
Mail, courier and telecommunications	13,461	7,000
Shared Services	10,000	10,000
	2,093,549	2,020,486

Diabetes strategy operational expenses included in the project initiative expenses above are as follows:

	Budget 2015	Actual 2015	Actual 2014
	$	$	$
Salaries and benefits	890,000	840,000	814,487
Other expenses	173,570	159,541	154,957
	1,063,570	999,541	969,444

12. Pension agreements

The LHIN makes contributions to the Hospitals of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 44 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2015 was $363,096 (2014 - $356,413) for current service costs and is included as an expense in the Statement of operations. The last actuarial valuation was completed for the plan in December 31, 2014. At that time, the plan was fully funded.

13. Guarantees

The LHIN is subject to the provisions of the *Financial Administration Act*. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favour of third parties, except in accordance with the *Financial Administration Act* and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the Local Health System Integration Act, 2006 and in accordance with s. 28 of the *Financial Administration Act*.

14. Comparative figures

Certain of prior years' comparatives figures have been reclassified to conform with current year's presentation.

South East **LHIN**

March 31, 2015

Management's Responsibility for the Financial Statements

The integrity and objectivity of the accompanying financial statements of the South East Local Health Integration Network (SELHIN) is the responsibility of management. These financial statements have been prepared in compliance with the legislation and in accordance with Generally Accepted Account Principles (GAAP) and under Public Sector Accounting Board (PSAB).

Management is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for the preparation of the financial statements. These systems are monitored and evaluated by management, the Audit Committee and Board of Directors.

Management meets with the external auditors and the Board of Directors to review the financial statements and discuss any significant financial reporting or internal control matters prior to approval of the financial statements.

The financial statements have been audited by Deloitte, independent external auditors appointed by the Board of Directors.

Paul Huras

Paul Huras
Chief Executive Officer
South East Local Health Integration Network

Paula Hegadorn
Director, Corporate Services / Controller
South East Local Health Integration Network

Ontario
Local Health Integration Network
Réseau local d'intégration des services de santé

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Independent Auditor's Report

To the Members of the Board of Directors of the
South East Local Health Integration Network

We have audited the accompanying financial statements of the South East Local Health Integration Network (the "LHIN"), which comprise the statement of financial position as at March 31, 2015, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of LHIN as at March 31, 2015, and the results of its operations, change in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
May 25, 2015

South East Local Health Integration Network

Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	[illegible]	[illegible]
Accounts receivable (Note 3)	[illegible]	[illegible]
	[illegible]	[illegible]
Liabilities		
Accounts payable and accrued liabilities (Note 4)	[illegible]	813,710
Due to Ministry of Health and Long-Term Care (Note 5b)	[illegible]	[illegible]
Due to the LHIN Shared Services Office (Note 7)	[illegible]	[illegible]
Due to Champlain LHIN (Note 5c)	-	[illegible]
Deferred capital contributions (Note 8)	[illegible]	286,971
Obligations under capital lease (Note 10)	[illegible]	[illegible]
	[illegible]	1,222,794
Net debt	[illegible]	(333,206)
Commitments (Note 13)		
Non-financial assets		
Prepaid expenses	[illegible]	[illegible]
Tangible capital assets (Note 9)	[illegible]	286,971
	[illegible]	333,206
Accumulated surplus	-	-

Approved by the Board

Donna Segal - Board Chair

Janet Cosier - Finance and Audit Committee Chair

The accompanying notes to the financial statements are an integral part of this financial statement.

South East Local Health Integration Network

Statement of operations
year ended March 31, 2015

	Budget (Note 10)	2015 Actual	2014 Actual
	$	$	$
Revenue			
MOHLTC funding			
HSP transfer payments (Note 11)	[illegible]	[illegible]	[illegible]
Operations of LHIN (Note 5)	[illegible]	[illegible]	[illegible]
Project Initiatives			
Enabling Technologies	-	610,000	[illegible]
Emergency Department	-	75,000	75,000
Aboriginal Initiative	-	10,000	10,000
ER/ALC Initiative	-	100,000	100,000
French Language Services Initiative	-	100,000	100,000
Critical Care Initiative	-	75,000	75,000
Primary Care Initiative	-	75,000	75,000
Chronic Disease Management	-	[illegible]	[illegible]
Physiotherapy	-	-	[illegible]
Amortization of deferred capital contributions (Note 8)	-	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Funding repayable to the MOHLTC (Note 5a)	-	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Expenses			
Transfer payments to HSPs (Note 11)	[illegible]	[illegible]	[illegible]
General and administrative (Note 12)	[illegible]	[illegible]	[illegible]
Project Initiatives (Note 8)			
Enabling Technologies	-	610,000	[illegible]
Emergency Department	-	[illegible]	[illegible]
Aboriginal Initiative	-	10,000	10,000
ER/ALC Initiative	-	100,000	100,000
French Language Services Initiative	-	100,000	100,000
Critical Care Initiative	-	75,000	75,000
Primary Care Initiative	-	[illegible]	[illegible]
Chronic Disease Management	-	[illegible]	[illegible]
Physiotherapy	-	-	[illegible]
	[illegible]	[illegible]	[illegible]
Annual surplus and accumulated surplus, end of year	-	-	-

The accompanying notes to the financial statements are an integral part of this financial statement.

South East Local Health Integration Network

Statement of change in net debt

year ended March 31, 2015

	2015	2014
	$	$
Annual surplus	-	-
Acquisition of tangible capital assets	(61,926)	(18,965)
Amortization of tangible capital assets	120,018	117,046
(Increase) decrease in prepaid expenses, net	(8,753)	8,221
Decrease in net debt	49,339	106,302
Net debt, beginning of year	(333,204)	(439,506)
Net debt, end of year	(283,865)	(333,204)

The accompanying notes to the financial statements are an integral part of this financial statement.

South East Local Health Integration Network

Statement of cash flows

year ended March 31, 2015

	2015	2014
	$	$
Operating transactions		
Annual surplus	**-**	-
Less items not affecting cash		
Amortization of tangible capital assets	**120,018**	117,046
Amortization of deferred capital contributions (Note 8)	**(120,018)**	(117,046)
Changes in non-cash operating items		
Accounts receivable	**(6,894)**	6,929
Prepaid expenses	**(8,753)**	8,221
Accounts payable and accrued liabilities	**48,514**	17,011
Due to MOHLTC	**1,676**	(249,283)
Due to the LHIN Shared Services Office	**6,469**	(5,152)
Due to Champlain LHIN	**(4,346)**	4,346
	36,666	(217,928)
Capital transaction		
Acquisition of tangible capital assets	**(61,926)**	(18,965)
Financing transactions		
Increase in deferred capital contributions (Note 8)	**61,926**	18,965
Repayment of obligations under capital lease	**(29,314)**	(27,888)
	32,612	(8,923)
Net change in cash	**7,352**	(245,816)
Cash, beginning of year	**841,489**	1,087,305
Cash, end of year	**848,841**	841,489

The accompanying notes to the financial statements are an integral part of this financial statement.

South East Local Health Integration Network

Notes to the financial statements

March 31, 2015

1. Description of business

The South East Local Health Integration Network was incorporated by Letters Patent on June 9, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the Local Health System Integration Act, 2006 (the "Act") as the South East Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The LHIN has also entered into a Performance Agreement with the Ministry of Health and Long-Term Care ("MOHLTC"), which provides the framework for LHIN accountabilities and activities.

The mandates of the LHIN are to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas based on where residents primarily received their care (98% of all South East LHIN residents obtain care from local health service providers). The LHIN allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion.

The LHIN is home to over 500,000 people and has a geographic area which spans 19,473 square kilometers; the South East LHIN is the fourth largest geographic local health integration network. The LHIN serves approximately 3.8% of Ontarians who live, in almost equal proportion, along a ribbon of more urban areas following Highway 401, or in small rural communities located across the remainder of the area. The LHIN encompasses the areas of Hastings, Prince Edward, Lennox and Addington, Frontenac, Leeds and Grenville Counties, the cities of Kingston, Belleville and Brockville, the towns of Smith Falls and Prescott, and part of Lanark and Northumberland Counties. The LHIN enters into service accountability agreements with service providers.

The LHIN is funded by the Province of Ontario in accordance with the Ministry-LHIN Performance Agreement ("Performance Agreement"), which describes budget arrangements established by the MOHLTC. These financial statements reflect agreed funding arrangements approved by the MOHLTC. The LHIN cannot authorize an amount in excess of the budget allocation set by the MOHLTC.

The LHIN assumed responsibility to authorize transfer payments to HSPs, effective April 1, 2007. The transfer payment amount is based on provisions associated with the respective HSP Accountability Agreement with the LHIN. Throughout the fiscal year, the LHIN authorizes MOHLTC of the transfer payment amount; the MOHLTC, in turn, transfers the amount directly to the HSP. The cash associated with the transfer payment does not flow through the LHIN bank account. Commencing April 1, 2007, all funding payments to LHIN managed health service providers in the LHIN geographic area, have flowed through the LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized Health Service Providers ("HSP") are expensed in the LHIN's financial statements for the year ended March 31, 2015.

The LHIN statements do not include any Ministry managed programs.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the LHIN are as follows:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal year that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal year that the events giving rise to the expenses are incurred, resources are consumed, and they are measurable.

Through the accrual basis of accounting, expenses include non-cash items, such as the amortization of tangible capital assets.

South East Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. Significant accounting policies (continued)

Government transfer payments

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Certain amounts, including transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. In addition, certain amounts received are used to pay expenses for which the related services have yet to be performed. These amounts are recorded as payable to the MOHLTC at year end.

Deferred capital contributions

Any amounts received that are used to fund expenses that are recorded as tangible capital assets, are recorded as deferred capital contributions and are recognized as revenue over the useful life of the asset reflective of the provision of its services. The amount recorded under "revenue" in the Statement of Operations, is in accordance with the amortization policy applied to the related tangible capital asset recorded.

Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Fair value of contributed tangible capital assets is estimated using the cost of asset or, where more appropriate, market or appraisal values. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Operations betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Maintenance and repair costs are recognized as an expense when incurred. Computer software is recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized, on a straight line basis, over their estimated useful lives as follow:

Office equipment	5 years
Computer equipment	3 years
Infrastructure/Web developments	3 years
Leasehold improvements	Life of lease

Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the Statement of Operations and within the related notes for both the prior and current year sufficiently disclosed information of all appropriate segments and, therefore, no additional disclosure is required.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accrued liabilities and useful lives of the tangible capital assets. Actual results could differ from those estimates.

South East Local Health Integration Network
Notes to the financial statements
March 31, 2015

3. Accounts receivable

At March 31, 2015 the LHIN has accounts receivable of $54,955 (2014 - $48,061) which represents HST receivable ($52,778) for the last quarter of the fiscal year, and CPP overpayment ($2,177).

4. Accounts payable and accrued liabilities

At March 31, 2015 the LHIN has accounts payable and accrued liabilities of $662,232 (2014 - $613,718). This amount represents accounts payable (Trade) of $250,619 (2014 - $218,334), and accrued liabilities $411,613 (2014 - $395,384).

5. Funding repayable to the MOHLTC

In accordance with the Performance Agreement, the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

In accordance with the accounting policy related to deferred capital contributions (Note 2) the LHIN has recognized as revenue ("funding received"), the amortization of deferred capital contributions of $120,018 (2014 - $117,046), and the 2015 deferred revenue from capital contributions of $61,926 (2014 - $18,965). This has resulted in an increase to the overall LHIN Operations revenue as shown in Note 5(a) below:

	2015	2014
	$	$
LHIN Operations base funding	**4,543,169**	4,543,169
Less: Deferred revenue from capital contributions	**(61,926)**	(18,965)
LHIN Operations Revenue (Statement of Operations)	**4,481,243**	4,524,204
Add: Deferred revenue from capital contributions	**120,018**	117,046
LHIN Operations Funding (Note 5a)	**4,601,261**	4,641,250

(a) The amount repayable to the MOHLTC is made up of the following components:

			2015	2014
	Funding received	**Related expenses**	**Excess funding**	Excess funding
	$	**$**	**$**	$
Transfer payments to HSPs	**1,118,513,373**	**1,118,513,373**	**-**	-
LHIN operations	**4,601,261**	**4,596,395**	**4,866**	13,304
Emergency department initiative	**75,000**	**42,000**	**33,000**	27,821
Aboriginal initiative	**15,000**	**15,000**	**-**	-
ER/ALC Initiative	**100,000**	**100,000**	**-**	-
French Language Services Initiative	**106,000**	**106,000**	**-**	-
Critical Care Initiative	**75,000**	**72,000**	**3,000**	3,000
Primary Care Initiative	**75,000**	**72,631**	**2,369**	333
Chronic Disease Management	**948,254**	**920,884**	**27,370**	24,471
Repayable directly to MOHLTC	**1,124,508,888**	**1,124,438,283**	**70,605**	68,929
Enabling technologies, repayable to MOHLTC through Champlain LHIN	**510,000**	**510,000**	**-**	4,346
	1,125,018,888	**1,124,948,283**	**70,605**	73,275

South East Local Health Integration Network

Notes to the financial statements
March 31, 2015

5. Funding repayable to the MOHLTC (continued)

(b) The amount due to the MOHLTC at March 31 is made up as follows:

	2015	2014
	$	$
Opening balance	**68,929**	318,212
Funding repaid during the year	**(68,929)**	(318,212)
One-time funding repayable to MOHLTC	**65,739**	55,625
LHIN Operations funding repayable to MOHLTC	**4,866**	13,304
Closing balance	**70,605**	68,929

(c) The amount due to the Champlain LHIN at March 31, is made up as follows:

	2015	2014
	$	$
One-time funding repayable to Champlain LHIN	**-**	4,346

6. Operations of LHIN - Ancillary Funded Project Initiatives

The LHIN received funds for various initiatives listed in the Statement of Operations. The following table classifies the initiatives expenses by object:

	2015	2014
	$	$
Salaries and benefits	**1,372,973**	1,451,616
Professional services	**186,000**	189,600
Shared services	**73,736**	80,558
Accommodations	**69,532**	75,826
Public relations	**20,117**	25,144
Supplies	**48,663**	35,138
Mail, courier and telecommunications	**5,005**	10,781
Other	**62,489**	72,964
	1,838,515	1,941,627

Chronic Disease Management strategy operational expenses included in the project fund expenses above are as follows:

	Budget 2015	**Actual 2015**	Actual 2014
	$	**$**	$
Salaries and benefits	**770,052**	**759,104**	777,805
Others	**178,202**	**161,780**	145,978
	948,254	**920,884**	923,783

South East Local Health Integration Network

Notes to the financial statements
March 31, 2015

7. Related party transactions

LHIN Shared Services Office (LSSO)

The LSSO is a division of the Toronto Central LHIN and, as such, is subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LSSO is responsible for providing services to all LHINs. The full costs of providing these services are billed to all the LHINs. Any portion of the LSSO operating costs overpaid (or not paid) by the LHIN at the year end are recorded as a receivable from (payable to) the LSSO. This is all done pursuant to the Shared Service Agreement the LSSO has with all the LHINs.

LHIN Collaborative (LHINC)

LHINC was formed in fiscal 2010 to strengthen relationships between and among health service providers, associations and the LHINs, and to support system alignment. The purpose of LHINC is to support the LHINs in:

- Fostering engagement of the health service provider community in support of collaborative and successful integration of the health care system;
- Their role as system manager;
- Where appropriate, the consistent implementation of provincial strategy and initiatives;
- The identification and dissemination of best practices; and
- LHINC is an LHIN-led organization and accountable to the LHINs. LHINC is funded by the LHINs with support from the ministry of health and long-term care.

LHINC is a division of Toronto Central LHIN and as such is subject to the same policies, guidelines and directives as the Toronto Central LHIN.

Enabling Technologies for Integration Project Management Office

In fiscal 2014, the LHIN entered into an agreement with the Champlain, North East and North West LHINs (the "Cluster") in order to enable the effective and efficient delivery of e-health programs and initiatives within the geographic area of the Cluster. Under the agreement, decisions related to the financial and operating activities of the Enabling Technologies for Integration Project Management Office are shared. No LHIN is in a position to exercise unilateral control.

The LHIN's financial statement reflects its share of the MOHLTC funding for Enabling Technologies for Integration Project Management Office for its Cluster and related expenses. During the year, the LHIN received funding from the Champlain LHIN of $510,000 (2014 - $580,000).

8. Deferred capital contributions

	2015 **$**	2014 $
Balance, beginning of year	**294,971**	393,052
Capital contributions received during the year	**61,926**	18,965
Amortization for the year	**(120,018)**	(117,046)
Balance, end of year	**236,879**	294,971

South East Local Health Integration Network

Notes to the financial statements
March 31, 2015

9. Tangible capital assets

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Office equipment	415,256	409,457	5,799	63,737
Computer equipment	168,783	148,778	20,005	16,316
Leasehold improvements	393,726	182,651	211,075	214,918
	977,765	740,886	236,879	294,971

10. Budget figures

The budget was approved by the Government of Ontario. The budget figures reported in the Statement of Operations reflect the initial budget at April 1, 2014. The figures have been reported for the purposes of these statements to comply with PSAB reporting requirement. During the year the government approves budget adjustments. The following reflects the adjustments for the LHIN during the year:

The total HSP funding budget of $1,118,513,373 is made up of the following:

	$
Initial HSP funding budget	1,071,298,964
Adjustment due to announcements made during the year	47,214,409
Total HSP funding budget	1,118,513,373

The total operating budget of $4,543,169 is made up of the following:

	$
Initial budget and total budget	4,543,169

11. Transfer payments to HSPs

The LHIN has authorization to allocate the funding of $1,118,513,373 to the various HSPs in its geographic area. The LHIN approved transfer payments to the various sectors as follows:

	2015	2014
	$	$
Operation of Hospitals	$675,888,668	690,025,790
Grants to compensate for Municipal Taxation - Public Hospitals	190,725	190,725
Long-Term Care Homes	182,055,536	176,939,060
Community Care Access Centres	121,141,263	117,582,573
Community Support Services	35,252,773	31,604,448
Assisted Living Services in Supportive Housing	2,179,046	2,048,566
Community Health Centres	28,781,915	28,049,843
Community Mental Health Addictions Program	73,023,447	67,790,254
	1,118,513,373	1,114,231,259

South East Local Health Integration Network

Notes to the financial statements
March 31, 2015

12. General and administrative expenses

(a) The Statement of Operations presents expenses by function. The following classifies general and administrative expenses by object, as follows:

	2015	2014
	$	$
Program based		
Salaries	3,344,467	3,306,308
Consulting and LHIN-based projects	22,500	28,110
	3,366,967	3,334,418
Shared services	277,926	378,674
Collaborative	50,929	54,357
Other (Note 12b)	222,747	216,670
Accommodations	194,052	192,172
Office equipment and supplies	154,224	136,321
Board per diem	53,125	69,075
Public relations	106,688	67,053
Mail, courier and telecommunications	49,719	62,160
	4,476,377	4,510,900
Amortization	120,018	117,046
	4,596,395	4,627,946

(b) The breakdown of "Other" general and administrative expenses listed in the table above are:

	2015	2014
	$	$
Training and development	92,551	83,023
Travel	122,561	120,852
Recruitment	595	5,656
Insurance	7,040	6,883
Other miscellaneous	-	256
	222,747	216,670

(c) The total expenses related to governance is as follows, and are included in the expenses listed in Note 12(a) above:

	2015	2014
	$	$
Board chair per diems	19,775	26,075
All other per diems	33,350	43,000
Total per diems	53,125	69,075
Other administrative costs	21,425	57,095
Total governance expenditures	74,550	126,170
Overhead - salaries, benefits, accommodations and shared services	140,333	156,688
Total governance related costs	214,883	282,858

(d) The total occupancy and shared service costs are reduced from actual expenses in Note 12(a) above, due to partial cost sharing with ancillary funded projects for project staff that utilize office space and or shared services during the year.

South East Local Health Integration Network

Notes to the financial statements

March 31, 2015

13. Pension agreements

The LHIN makes contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2015 was $298,188 (2014 - $293,150) for current service costs and is included as an expense in the Statement of Financial Activities. The last actuarial valuation was completed for the plan as of December 31, 2014. At that time, the plan was fully funded.

14. Guarantees

The LHIN is subject to the provisions of the Financial Administration Act. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favour of third parties, except in accordance with the Financial Administration Act and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the *Local Health System Integration Act, 2006* and in accordance with s. 28 of the *Financial Administration Act*.

15. Commitments

The LHIN has commitments under various operating leases related to building and equipment. Minimum lease payments due under the building lease as follows:

	$
2016	224,064
2017	224,064
2018	224,064
2019	224,064
2020	224,064
Thereafter	205,392
	1,325,712

The LHIN also has funding commitments to HSPs associated with accountability agreements. As of March 31, 2015, the LHIN had signed Performance Agreements with all Hospitals and Community Agencies for the next one to three years dependent upon the specific sector. The actual amounts which will ultimately be paid are contingent upon actual LHIN funding received from MOHLTC.

16. Obligations under capital lease

The LHIN has a lease under the provision of capital lease of leasehold improvements. The cost of this lease is included in equipment and the related liabilities are included in long-term debt to reflect the effective acquisition and financing of these items. The lease on the building expires in February, 2021.

The present value of future minimum rentals is as follows:

	$
2016	40,456
2017	40,456
2018	40,456
2019	40,456
2020	40,456
Thereafter	37,084
Future minimum lease payments	239,364
Less: amount representing interest	(32,528)
Present value of future minimum rentals	206,836

South East Local Health Integration Network

Notes to the financial statements
March 31, 2015

16. Obligations under capital lease (continued)

Principal payments required on this long-term debt for the next five years are as follows:

	$
2016	30,814
2017	32,390
2018	34,048
2019	35,789
2020	37,621
Thereafter	36,174
	206,836

South West **LHIN**

Management Responsibility Report

The management of the South West Local Health Integration Network (LHIN) is responsible for preparing the accompanying financial statements in conformity with generally accepted accounting principles. In preparing these financial statements, management selects appropriate accounting policies and uses its judgement and best estimates to report events and transactions as they occur. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Financial data included throughout this Annual Report is prepared on a basis consistent with that of the financial statements.

The LHIN maintains a system of internal accounting controls designed to provide reasonable assurance, at a reasonable cost, that assets are safeguarded and that transactions are executed and recorded in accordance with the LHIN's policies for doing business.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control, and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Committee meets approximately four times annually to review audited and unaudited financial information. Deloitte LLP has full and free access to the Audit Committee.

Management acknowledges its responsibility to provide financial information that is representative of the LHIN's operations, is consistent and reliable, and is relevant for the informed evaluation of the LHIN's activities.

Mike Barrett

Michael Barrett
Chief Executive Officer

Lisa M Johnson
Controller/Manager of Corporate Services

May 30, 2015

Deloitte.

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Independent Auditor's Report

To the Members of the Board of Directors of the
South West Local Health Integration Network

We have audited the accompanying financial statements of South West Local Health Integration Network, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of South West Local Health Integration network as at March 31, 2019 and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
May 19, 2019

South West Local Health Integration Network

Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	**412,804**	848,079
Due from Ministry of Health and Long-Term Care ("MOHLTC")		
Health Service Provider ("HSP") transfer payments (Note 9)	**13,800,587**	11,537,917
Harmonized sales tax receivable	**81,988**	59,791
Due from Waterloo Wellington LHIN (Note 3c)	**55,905**	-
	14,351,284	12,445,787
Liabilities		
Accounts payable and accrued liabilities	**453,340**	422,393
Due to Health Service Providers ("HSPs") (Note 9)	**13,800,587**	11,537,917
Due to MOHLTC (Note 3b)	**55,636**	537,813
Due to the LHIN Shared Services Office (Note 4)	**58,879**	3,316
Deferred capital contributions (Note 5)	**68,725**	140,632
	14,437,167	12,642,071
Net debt	**-85,883**	(196,284)
Commitments (Note 6)		
Non-financial assets		
Prepaid expenses	**17,158**	55,652
Tangible capital assets (Note 7)	**68,725**	140,632
	85,883	196,284
Accumulated surplus	**-**	-

Approved by the Board

_________________________ Director

_________________________ Director

The accompanying notes to the financial statements are an integral part of these financial statements.

South West Local Health Integration Network

Statement of operations
year ended March 31, 2015

	Budget (Note 8)	2015 Actual	2014 Actual
	$	$	$
Revenue			
MOHLTC funding			
HSP transfer payments (Note 9)	2,187,364,300	2,250,035,712	2,215,597,061
Operations of LHIN	4,895,720	4,875,026	4,909,473
Project Initiatives			
Aboriginal Planning	35,000	35,000	35,000
French Language Services	106,000	104,595	106,000
Critical Care	75,000	75,000	75,000
Emergency Department ("ED") Lead	75,000	75,000	68,220
Emergency Room/Alternative Level of Care ("ER/ALC") Performance Lead	100,000	98,576	100,000
Primary Care Lead	75,000	75,000	75,000
Enabling Technologies ETI PMO	2,040,000	2,007,086	2,320,000
Diabetes Regional Coordinating Ctr	1,192,370	1,179,307	946,212
E-Health SPIRE & cSWO	-	-	187,739
Amortization of deferred capital contributions (Note 5)	111,406	111,406	139,890
	2,196,069,796	2,258,671,708	2,224,559,595
Enabling Technologies ETI PMO allocated to other LHIN's	(1,530,000)	(1,530,000)	(1,740,000)
Funding repayable to the MOHLTC (Note 3a)	-	269	(237,813)
	2,194,539,796	2,257,141,977	2,222,581,782
Expenses			
Transfer payments to HSPs (Note 9)	2,187,364,300	2,250,035,712	2,215,597,061
General and administrative (Note 11)	5,007,126	4,985,134	5,048,519
Project Initiatives (Note 10)			
Aboriginal Planning	35,000	34,638	30,203
French Language Services	106,000	104,555	93,908
Critical Care	75,000	73,374	72,613
ED Lead	75,000	73,728	67,655
ER/ALC Performance Lead	100,000	98,372	84,386
Primary Care Lead	75,000	74,457	72,052
Enabling Technologies	510,000	485,540	511,019
Diabetes Regional Coordinating Ctr	1,192,370	1,176,467	816,627
E-Health SPIRE & cSWO	-	-	187,739
	2,194,539,796	2,257,141,977	2,222,581,782
Annual surplus and accumulated surplus, end of year	-	-	-

The accompanying notes to the financial statements are an integral part of these financial statements.

South West Local Health Integration Network

Statement of change in net debt
year ended March 31, 2015

	2015 Actual	2014 Actual
	$	$
Annual surplus	-	-
Change in prepaid expenses, net	38,494	(24,488)
Acquisition of tangible capital assets	(39,499)	(18,135)
Amortization of tangible capital assets	111,406	139,890
Decrease in net debt	110,401	97,267
Net debt, beginning of year	(196,284)	(293,551)
Net debt, end of year	(85,883)	(196,284)

The accompanying notes to the financial statements are an integral part of these financial statements.

South West Local Health Integration Network

Statement of cash flows
year ended March 31, 2015

	2015	2014
	$	$
Operating transactions		
Annual surplus	-	-
Less items not affecting cash		
Amortization of capital assets	**111,406**	139,890
Amortization of deferred capital contributions (Note 5)	**(111,406)**	(139,890)
Changes in non-cash operating items		
Increase in due from MOHLTC HSP transfer payments	**(2,262,670)**	(3,032,095)
Decrease in due from LHIN Shared Services Office	-	17,190
(Increase) decrease in accounts receivable	**(55,905)**	3,879
(Increase) decrease in Harmonized Sales Tax receivable	**(22,197)**	19,278
Increase (decrease) in accounts payable and accrued liabilities	**30,947**	(373,391)
Increase in due to HSPs	**2,262,670**	3,032,095
(Decrease) increase in due to MOHLTC	**(482,177)**	361,702
Decrease in due to eHealth Ontario	-	(52,319)
Increase in due to LHIN Shared Services Office	**55,563**	3,316
Decrease (increase) in prepaid expenses	**38,494**	(24,488)
	(435,275)	(44,833)
Capital transaction		
Acquisition of tangible capital assets	**(39,499)**	(18,135)
Financing transaction		
Deferred capital contributions received (Note 5)	**39,499**	18,135
Net decrease in cash	**(435,275)**	(44,833)
Cash, beginning of year	**848,079**	892,912
Cash, end of year	**412,804**	848,079

The accompanying notes to the financial statements are an integral part of these financial statements.

South West Local Health Integration Network

Notes to the financial statements
March 31, 2015

1. Description of business

The South West Local Health Integration Network was incorporated by Letters Patent on July 9, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the *Local Health System Integration Act, 2006* (the "Act") as the South West Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The mandates of the LHIN are to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The LHIN covers approximately 22,000 square kilometers from Tobermory in the north to Long Point in the south. The LHIN enters into service accountability agreements with service providers.

The LHIN is funded by the Province of Ontario in accordance with the Ministry-LHIN Performance Agreement ("MLPA"), which describes budget arrangements established by the MOHLTC. These financial statements reflect agreed funding arrangements approved by the MOHLTC. The LHIN cannot authorize an amount in excess of the budget allocation set by the MOHLTC.

The LHIN assumed responsibility to authorize transfer payments to HSPs, effective April 1, 2007. The transfer payment amount is based on provisions associated with the respective HSP Accountability Agreement with the LHIN. Throughout the fiscal year, the LHIN authorizes and notifies the MOHLTC of the transfer payment amount; the MOHLTC, in turn, transfers the amount directly to the HSP. The cash associated with the transfer payment does not flow through the LHIN bank account.

The LHIN statements do not include any Ministry managed programs.

The LHIN is also funded by eHealth Ontario in accordance with the eHealth Ontario - LHIN Transfer Payment Agreement ("TPA"), which describes budget arrangements established by eHealth Ontario. These financial statements reflect agreed funding arrangements approved by eHealth Ontario. The LHIN cannot authorize an amount in excess of the budget allocation set by eHealth Ontario.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the LHIN are as follows:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal year that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal year that the events giving rise to the expenses are incurred, resources are consumed, and they are measurable.

Through the accrual basis of accounting, expenses include non-cash items, such as the amortization of tangible capital assets.

South West Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. Significant accounting policies (continued)

Government transfer payments

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Certain amounts, including transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. Unspent amounts are recorded as payable to the MOHLTC at period end. In addition, certain amounts received are used to pay expenses for which the related services have yet to be performed.

Deferred capital contributions

Any amounts received that are used to fund expenses that are recorded as tangible capital assets, are recorded as deferred capital revenue and are recognized as revenue over the useful life of the asset reflective of the provision of its services. The amount recorded under "revenue" in the statement of operations, is in accordance with the amortization policy applied to the related tangible capital asset recorded.

Tangible capital assets

Tangible capital assets are recorded at historic cost. Historic cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. The cost of tangible capital assets contributed is recorded at the estimated fair value on date of contribution. Fair value of contributed tangible capital assets is estimated using the cost of asset or, where more appropriate, market or appraisal values. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software is recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives as follows:

Computer equipment	3 years straight-line method
Leasehold improvements	Life of lease straight-line method
Office equipment, furniture and fixtures	5 years straight-line method
Web development	3 years straight-line method

For assets acquired or brought into use, during the year, amortization is provided for a full year.

Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the statement of operations and within the related notes for both the prior and current year sufficiently discloses information of all appropriate segments and, therefore, no additional disclosure is required.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimate and assumptions include valuation of accrued liabilities and useful lives of the tangible capital assets. Actual results could differ from those estimates.

South West Local Health Integration Network

Notes to the financial statements
March 31, 2015

3. Funding repayable to the MOHLTC

In accordance with the MLPA, the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

In accordance with the TPA, the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to eHealth Ontario.

a) The amount repayable to the MOHLTC related to current year activities is made up of the following components:

			2015	2014
	Funding	Eligible expenses	Funding excess	Funding excess
	$	$	$	$
Transfer payments to HSPs	2,250,035,712	2,250,035,712	-	-
LHIN operations	4,875,026	4,873,728	1,298	844
Aboriginal Planning	35,000	34,638	362	4,797
French Language Services	104,595	104,555	40	12,092
Enabling Technologies	2,007,086	1,959,635	47,451	368,981
Critical Care Lead	75,000	73,374	1,626	2,387
ED Lead	75,000	73,728	1,272	565
Primary Care Lead	75,000	74,457	543	2,948
ER/ALC Lead	98,576	98,372	204	15,614
Diabetes Regional Coor. Centres	1,179,307	1,176,467	2,840	129,585
	2,258,560,302	2,258,504,666	55,636	537,813

b) The amount due to the MOHLTC at March 31 is made up as follows:

	2015	2014
	$	$
Due to MOHLTC, beginning of year	537,813	176,111
Funding repaid to MOHLTC	(537,813)	(176,111)
Funding repayable to the MOHLTC related to current year activities (Note 3a)	8,185	237,813
Funding repayable to the MOHLTC related to current year ETI PMO Cluster activities	47,451	300,000
Due from MOHLTC, end of year	55,636	537,813

c) Enabling Technologies for Integration (ETI PMO)

Effective January 31, 2014, the LHIN entered into an agreement with Erie St. Clair, Hamilton Niagara Haldimand Brant and Waterloo Wellington (the "Cluster") in order to enable the effective and efficient delivery of e-health programs and initiatives within the geographic area of the Cluster. Under the agreement, decisions related to the financial and operating activities of the Enabling Technologies for Integration Project Management Office are shared. No LHIN is in a position to exercise unilateral control.

The South West LHIN is designated the Lead LHIN with this agreement and as such holds the accountability over the distribution of the funds and manages the shared Project Management Office. In the event that the Cluster experiences a surplus the Lead LHIN is responsible for returning those funds to the MOHLTC. The total Cluster funding received for the year ended March 31, 2015 was $2,040,000 (2014 - $2,320,000).

South West Local Health Integration Network

Notes to the financial statements
March 31, 2015

3. Funding repayable to the MOHLTC and eHealth Ontario (continued)

Funding of $1,530,000 (2014 - $1,740,000) was allocated to other LHIN's within the cluster who incurred eligible expenses of $1,474,095 (2014 - $1,440,000). The LHIN has setup a payable to the MOHLTC for $55,905.

The MOHLTC collected from the LHIN, $30,000.00 (2014 - $Nil) as an in year recovery. The LHIN has setup a receivable from the MOHLTC for $8,454 to cover these expenses.

The following provides condensed financial information for the ETI PMO funding and expenses for the cluster:

			2015	2014
	Funding allocated	Eligible expenses	Excess funding	Excess funding
	$	$	$	$
Erie St. Clair LHIN	510,000	510,000	-	-
Hamilton Niagara Haldimand Brant LHIN	510,000	510,000	-	-
Waterloo Wellington LHIN	510,000	454,095	55,905	-
South West LHIN	477,086	485,540	(8,454)	68,981
	2,007,086	1,959,635	47,451	68,981

4. Related party transactions

The LHIN Shared Services Office (the "LSSO") is a division of the Toronto Central LHIN and is subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LSSO, on behalf of the LHINs is responsible for providing services to all LHINs. The full costs of providing these services are billed to all the LHINs. Any portion of the LSSO operating costs overpaid (or not paid) by the LHIN at the year-end are recorded as a receivable (payable) from (to) the LSSO. This is all done pursuant to the shared service agreement the LSSO has with all the LHINs.

The LHIN Collaborative (the "LHINC") was formed in fiscal 2010 to strengthen relationships between and among health service providers, associations and the LHINs, and to support system alignment. The purpose of LHINC is to support the LHINs in fostering engagement of the health service provider community in support of collaborative and successful integration of the health care system; their role as system manager; where appropriate, the consistent implementation of provincial strategy and initiatives; and the identification and dissemination of best practices. LHINC is a LHIN-led organization and accountable to the LHINs. LHINC is funded by the LHINs with support from the MOHLTC.

5. Deferred capital contributions

	2015	2014
	$	$
Balance, beginning of year	140,632	262,387
Capital contributions received during the year (Note 8)	39,499	18,135
Amortization for the year	(111,406)	(139,890)
Balance, end of year	68,725	140,632

South West Local Health Integration Network

Notes to the financial statements
March 31, 2015

6. Commitments

The LHIN has commitments under various operating leases extending to 2019 related to building and equipment which have standard renewal terms. Minimum lease payments due in each of the next five years are as follows:

	$
2016	126,283
2017	4,789
2018	4,014
2019	191
2020	191

The LHIN also has funding commitments to HSPs associated with accountability agreements. Minimum commitments to HSPs, based on the current accountability agreements, are as follows:

	$
2016	2,193,291,572

The actual amounts which will ultimately be paid are contingent upon actual LHIN funding received from the MOHLTC.

7. Tangible capital assets

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Computer equipment	**242,202**	**189,715**	**52,487**	42,000
Leasehold improvements	**1,588,790**	**1,588,501**	**289**	82,016
Office equipment, furniture and fixtures	**228,008**	**212,059**	**15,949**	16,616
	2,059,000	**1,990,275**	**68,725**	140,632

8. Budget figures

The budget was approved by the Government of Ontario. The budget figures reported in the statement of operations reflect the initial budget at April 1, 2012. The figures have been reported for the purposes of these statements to comply with PSAB reporting requirements. During the year the government approved budget adjustments. The following reflects the adjustments for the LHIN during the year:

The final HSP funding budget of $2,250,035,712 is derived as follows:

	$
Initial budget	**2,187,364,300**
Adjustment due to announcements made during the year	**62,671,412**
Final HSP funding budget	**2,250,035,712**

South West Local Health Integration Network

Notes to the financial statements
March 31, 2015

8. Budget figures (continued)

The final LHIN budget, excluding HSP funding, of $8,524,591 is derived as follows:

	$
Initial budget	**6,229,090**
Additional funding received during the year	**2,335,000**
Amount treated as capital contributions during the year	**39,499**
Final LHIN operating budget	**8,524,591**

9. Transfer payments to HSPs

The LHIN has authorization to allocate funding of $2,250,035,712 to various HSPs in its geographic area. The LHIN approved transfer payments to various sectors in 2014 as follows:

	2015	2014
	$	$
Operation of hospitals	**1,550,296,136**	1,551,196,371
Grants to compensate for municipal taxation - public hospitals	**439,800**	451,500
Long term care homes	**329,020,764**	313,729,659
Community care access centres	**214,373,167**	205,929,789
Community support services	**46,365,977**	42,588,870
Assisted living services in supportive housing	**19,864,254**	17,999,245
Community health centres	**20,772,244**	18,679,068
Community mental health addictions program	**68,903,370**	65,022,559
	2,250,035,712	2,215,597,061

The LHIN receives funding from the MOHLTC and in turn allocates it to the HSPs. As at March 31, 2015, an amount of $13,800,587 (2014 - $11,537,917) was receivable from MOHLTC, and was payable to HSPs. These amounts have been reflected as revenue and expenses in the Statement of operations and are included in the table above.

10. Project Initiatives

The LHIN received funds for various initiatives listed in the Statement of Operations. The following table classifies the initiatives expenses by object:

	2015	2014
	$	$
Salaries and benefits	**1,557,667**	1,102,269
Professional services	**222,089**	294,000
Shared services	**19,142**	112,490
Occupancy	**58,481**	53,179
Public relations and community engagement	**23,738**	11,377
Supplies	**13,636**	10,126
Mail, courier and telecommunications	**11,314**	1,349
Other	**215,064**	57,400
	2,121,131	1,642,190

South West Local Health Integration Network

Notes to the financial statements
March 31, 2015

10. Project Initiatives (continued)

Diabetes Regional Coordination Centres

The MOHLTC provided the LHIN with $1,192,370 (2014 - $1,200,620) related to Diabetes Regional Coordination Centres initiatives. The LHIN incurred operating expenses of $1,176,467 (2014 - $816,627) and capital expenses of $13,063 (2014 - $8,544) have been recorded as capital assets and the related funding has been recorded as deferred capital contributions. The LHIN has setup a payable to the MOHLTC for the remaining balance of $2,840. Expenses incurred include the following:

	2015	2014
	$	$
Salaries	**926,404**	742,683
Operating expenses	**250,063**	70,239
One-time expenses	**-**	8,250
Total	**1,176,467**	821,172

11. General and administrative expenses

The statement of operations presents the expenses by function; the following classifies general and administrative expenses by object:

	2015	2014
	$	$
Salaries and benefits	**3,533,796**	3,450,665
Occupancy	**264,419**	224,980
Amortization	**111,406**	139,890
Shared services	**302,620**	341,521
LHIN Collaborative	**60,929**	54,357
Public relations	**82,290**	87,185
Consulting and Project expenses	**23,878**	219,451
Supplies	**17,840**	20,983
Board chair per diem	**43,228**	44,145
Board member per diem	**62,249**	64,623
Board member expenses	**62,933**	56,832
Mail, courier and telecommunications	**68,848**	61,982
Other	**330,806**	282,895
	4,965,134	5,049,519

12. Pension agreements

The LHIN makes contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 42 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2015 was $378,658 (2014 - $330,642) for current service costs and is included as an expense in the statement of operations. The last actuarial valuation was completed for the plan as at December 31, 2014. As at that time, the plan was fully funded.

South West Local Health Integration Network

Notes to the financial statements
March 31, 2015

13. Guarantees

The LHIN is subject to the provisions of the Financial Administration Act. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favor of third parties, except in accordance with the Financial Administration Act and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the Local Health System Integration Act, 2006 and in accordance with s.28 of the Financial Administration Act.

14. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

Toronto Central LHIN

June 24, 2015

Management's Responsibility for the Financial Statements

Toronto Central Local Health Integration Network (the "LHIN"), a crown agency, is dedicated to the highest standards of integrity in its business. To safeguard the LHIN's assets and assure the reliability of financial information, the LHIN follows sound management practices and procedures, and maintains appropriate information systems and internal financial controls.

The integrity and objectivity of the accompanying financial statements of the LHIN is the responsibility of management. These financial statements have been prepared in compliance with legislation and in accordance with Generally Accepted Accounting Principles (GAAP) and under Public Sector Accounting Board (PSAB).

Management is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for the preparation of the financial statements. These systems are monitored and evaluated by management, the Audit Committee and Board of Directors.

Management meets with the external auditors and the Board of Directors to review the financial statements and discuss any significant financial reporting or internal control matters prior to approval of the financial statements.

The financial statements have been audited by Deloitte & Touche LLP, independent external auditors appointed by the Board of Directors.

Camille Orridge
Chief Executive Officer

Raj Krishnapillai
Senior Director, Finance, Corporate & Shared Services/CFO

Deloitte.

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Independent Auditor's Report

To the Members of the Board of Directors of the
Toronto Central Local Health Integration Network

We have audited the accompanying financial statements of the Toronto Central Local Health Integration Network (the "LHIN"), which comprise the statement of financial position as at March 31, 2015, and the statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the LHIN as at March 31, 2015, and the results of its operations, change in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 24, 2015

Toronto Central Local Health Integration Network

Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	**1,011,834**	1,320,686
Due from Local Health Integration Networks ("LHINs")	**132,107**	20,687
Due from Ministry of Health and Long-Term Care ("MOHLTC") regarding HSP transfer payments	**34,279,012**	40,825,415
Harmonized Sales Tax receivable	**453,182**	566,371
	35,876,135	42,733,159
Liabilities		
Accounts payable and accrued liabilities	**1,666,185**	1,969,287
Due to HSPs	**34,279,012**	40,825,415
Due to MOHLTC (Note 4b)	**2,807**	13,607
Deferred capital contributions (Note 5)	**2,213,523**	2,503,058
	38,161,527	45,311,367
Net debt	**(2,285,392)**	(2,578,208)
Commitments (Note 15)		
Non-financial assets		
Prepaid expenses	**71,869**	75,150
Tangible capital assets (Note 6)	**2,213,523**	2,503,058
	2,285,392	2,578,208
Accumulated surplus	**-**	-

Approved by the Board

Angela Ferrante Director

Director

The accompanying notes to the financial statements are an integral part of these financial statements.

Toronto Central Local Health Integration Network

Statement of operations
year ended March 31, 2015

	Budget (Note 7)	2015 Actual	2014 Actual
	$	$	$
Revenue			
Ministry of Health and Long-Term Care ("MOHLTC") funding	5,535,121	5,256,532	5,181,549
Ministry of Health and Long-Term Care ("MOHLTC") funding to LHINC	670,000	670,000	670,000
MOHLTC Funding to LHIN Shared Services Offices ("LSSO")	-	-	740,000
Health Service Provider ("HSP") transfer payments (Note 8)	4,621,561,004	4,761,002,833	4,715,109,989
Project Initiatives (Note 9)			
Enabling Technologies (Note 3)	580,000	510,000	580,000
Emergency Department ("ED") Lead	75,000	75,000	75,000
Aboriginal Health Transition Planning	20,000	20,000	20,000
Emergency Room and Alternate Level of Care ("ER/ALC")	100,000	100,000	100,000
Critical Care ("CC") Lead	75,000	75,000	75,000
Resources Matching Referrals Leads	206,722	370,000	626,000
French Language Health Services ("FLHS")	106,000	106,000	106,000
French Planning Entities	568,713	568,713	568,713
Primary Care Lead	75,000	75,000	75,000
Diabetes Regional Coordination Centre	1,129,301	1,129,301	1,267,521
Diabetes Early Detection	-	-	50,000
Physiotherapy Reform	-	-	27,341
Pan and Parapan Am Games	414,498	414,498	69,083
Emergency Management Communication Tool ("EMCT")	-	800,000	-
Amortization of deferred capital contributions (Note 5)	-	1,379,579	871,994
Amounts recovered/recoverable from the LHINs to LHINC	816,250	662,071	701,849
Amounts recovered/recoverable from the LHINs to LSSO	5,663,296	4,382,157	3,807,011
	4,637,595,905	4,777,596,684	4,730,722,050
Funding repayable to the MOHLTC related to operations (Note 4a)	-	(2,807)	(13,607)
	4,637,595,905	4,777,593,877	4,730,708,443
Expenses			
Transfer payments to HSPs (Note 8)	4,621,561,004	4,761,002,833	4,715,109,989
General and administrative (Note 10)	5,535,121	5,458,067	5,512,605
LHIN Shared Services Office (Note 11)	5,663,296	5,422,165	5,015,229
LHIN Collaborative (Note 12)	1,486,250	1,467,300	1,430,962
Project Initiatives (Note 9)			
Enabling Technologies	580,000	510,000	580,000
Emergency Department ("ED") Lead	75,000	75,000	75,000
Aboriginal Health Transition Planning	20,000	20,000	20,000
Emergency Room and Alternate Level of Care ("ER/ALC")	100,000	100,000	100,000
Critical Care ("CC") Lead	75,000	75,000	75,000
Resources Matching Referrals Leads	206,722	370,000	626,000
French Language Health Services ("FLHS")	106,000	106,000	106,000
French Planning Entities	568,713	568,713	568,713
Primary Care Lead	75,000	75,000	75,000
Diabetes Regional Coordination Centre	1,129,301	1,129,301	1,267,521
Diabetes Early Detection	-	-	50,000
Physiotherapy Reform	-	-	27,341
Pan and Parapan Am Games	414,498	414,498	69,083
Emergency Management Communication Tool ("EMCT")	-	800,000	-
	4,637,595,905	4,777,593,877	4,730,708,443
Annual surplus and accumulated surplus, end of year	-	-	-

The accompanying notes to the financial statements are an integral part of these financial statements.

Toronto Central Local Health Integration Network

Statement of change in net debt
year ended March 31, 2015

	2015	2014
	$	$
Annual surplus	**-**	-
Acquisition of tangible capital assets	**(1,090,044)**	(1,573,528)
Amortization of tangible capital assets	**1,379,579**	871,994
Acquisition of prepaid expenses	**(71,869)**	(75,150)
Use of prepaid expenses	**75,150**	69,067
Decrease (Increase) in net debt	**292,816**	(707,617)
Net debt, beginning of year	**(2,578,208)**	(1,870,591)
Net debt, end of year	**(2,285,392)**	(2,578,208)

The accompanying notes to the financial statements are an integral part of these financial statements.

Toronto Central Local Health Integration Network

Statement of cash flows
year ended March 31, 2015

	2015 $	2014 $
Operating transactions		
Annual surplus	-	-
Less: items not affecting cash		
Amortization of tangible capital assets	1,379,579	871,994
Amortization of deferred capital contributions (Note 5)	(1,379,579)	(871,994)
	-	-
Changes in non-cash operating items		
Due from LHINs	(111,420)	21,543
Harmonized Sales Tax receivable	113,189	(123,405)
Due from MOHLTC regarding HSP transfer payments	6,546,403	(10,678,369)
Accounts payable and accrued liabilities	(303,102)	253,696
Due to HSPs	(6,546,403)	10,678,369
Due to MOHLTC	(10,800)	(132,209)
Prepaid expenses	3,281	(6,083)
	(308,852)	13,542
Capital transaction		
Acquisition of tangible capital assets	(1,090,044)	(1,573,528)
Financing transaction		
Increase in deferred capital contributions (Note 5)	1,090,044	1,573,528
Net change in cash	(308,852)	13,542
Cash, beginning of year	1,320,686	1,307,144
Cash, end of year	1,011,834	1,320,686

The accompanying notes to the financial statements are an integral part of these financial statements.

Toronto Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

1. Description of business

The Toronto Central Local Health Integration Network was incorporated by Letters Patent on June 2, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the Local Health System Integration Act, 2006 (the "Act") as the Toronto Central Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The LHIN has also entered into an Accountability Agreement with the Ministry of Health and Long Term Care ("MOHLTC"), which provides the framework for LHIN accountabilities and activities.

The mandates of the LHIN are to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The LHIN covers the City of Toronto. The LHIN enters into service accountability agreements with service providers.

The LHIN is funded by the Province of Ontario in accordance with the Ministry-LHIN Performance Agreement ("MLPA"). These financial statements reflect the terms of the MLPA related to this funding.

The LHIN assumed responsibility to authorize transfer payments to HSPs, effective April 1, 2007. The transfer payment amount is based on provisions associated with the respective HSP Accountability Agreement with the LHIN. Throughout the fiscal year, the LHIN authorizes and notifies the MOHLTC of the transfer payment amount; the MOHLTC, in turn, transfers the amount directly to the HSP. The cash associated with the transfer payment does not flow through the LHIN bank account. Commencing April 1, 2007, all funding payments to LHIN managed HSPs in the LHIN geographic area, have flowed through the LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized HSPs are expensed in the LHIN's financial statements for the year ended March 31, 2015.

The LHIN financial statements do not include any MOHLTC managed programs.

The LHIN is also funded for the Diabetes Regional Coordination Centre ("RCC") program in accordance with the Ministry-LHIN Performance Agreement. The operational mandate, functions and funding for delivery of the RCC Program were transferred to the LHIN in the 2012/13 fiscal year.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the LHIN are as follows:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal year that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal year that the events giving rise to the expenses are incurred, resources are consumed, and they are measurable.

Through the accrual basis of accounting, expenses include non-cash items, such as the amortization of tangible capital assets.

Toronto Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. Significant accounting policies (continued)

Government transfer payments

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Certain amounts, including transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. In addition, certain amounts received are used to pay expenses for which the related services have yet to be performed. These amounts are recorded as payable to the MOHLTC at period end.

Deferred capital contributions

Any amounts received that are used to fund expenditures that are recorded as tangible capital assets, are initially recorded as deferred capital contributions and are recognized as revenue over the useful life of the asset reflective of the provision of its services. The amount recorded under "revenue" in the Statement of operations, is in accordance with the amortization policy applied to the related capital asset recorded.

Tangible capital assets

Tangible capital assets are recorded at historic cost. Historic cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. The cost of tangible capital assets contributed is recorded at the estimated fair value on date of contribution. Fair value of contributed tangible capital assets is estimated using the cost of asset or, where more appropriate, market or appraisal values. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software is recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives as follows:

Office furniture and fixtures	5 years straight-line method
Computer equipment	3 years straight-line method
Leasehold improvements	Life of lease straight-line method

For assets acquired or brought into use during the year, amortization is calculated for a full year.

Segmented financial reporting

The financial statements of the LHIN include the accounts of the LHIN Shared Services Office (the "LSSO") and LHIN Collaborative (the "LHINC") which are its divisions. Separate schedules of LSSO and LHINC financial position and financial activities are presented in the attached schedules to the financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimate and assumptions include valuation of accrued liabilities and useful lives of the tangible capital assets. Actual results could differ from those estimates.

Toronto Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

3. Related party transactions

The LHIN Shared Services Office (the "LSSO") is a division of the Toronto Central LHIN and is subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LSSO, on behalf of the LHINs is responsible for providing services to all LHINs. Any portion of the LSSO operating costs overpaid (or not paid) by the LHINs at year end are recorded as a receivable (payable) to (from) the LSSO. This is all done pursuant to the Shared Service Agreement the LSSO has with all the LHINs.

The LHIN Collaborative (the "LHINC") is a division of the Toronto Central LHIN and is subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LHINC is responsible for providing advice to all LHINs in the areas of planning integration and community engagement, allocation methodologies, accountability performance and system alignment and co-ordination. Any portion of the LHINC operating costs overpaid (or not paid) by the LHIN at the year-end are recorded as a receivable (payable) to (from) the LHINC. This is all done pursuant to the LHINC Agreement the LHINC has with all the LHINs.

Enabling Technologies for Integrated Project Management Office

Effective April 1, 2013, the LHIN entered into an agreement with the Central, Central West, Central East, Mississauga Halton and North Simcoe Muskoka LHINs (the "Cluster") in order to enable the effective and efficient delivery of e-health programs and initiatives within the geographic area of the Cluster. Under the agreement, decisions related to the financial and operating activities of the Enabling Technologies for Integration Project Management Office are shared. No LHIN is in a position to exercise unilateral control.

The LHIN's financial statement reflects its share of the MOHLTC funding for Enabling Technologies for Integration Project Management Offices for its Cluster and related expenses. During the year, the LHIN received MOHLTC funding through the Central West LHIN of $510,000 (2014 - $580,000).

Toronto Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

4. Funding repayable to the MOHLTC

In accordance with the MLPA and the Transfer Payment Agreement ("TPA"), the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

a) The amount repayable to the MOHLTC related to the current activities is made up of the following components:

			2015	2014
	Funding received $	Eligible expenses $	Excess funding $	Excess funding $
Transfer payments to HSPs	4,761,002,833	4,761,002,833	-	-
LHIN operations	5,460,874	5,458,067	2,807	2,060
LHINC	670,000	670,000	-	11,547
E-Health	510,000	510,000	-	-
ED Lead	75,000	75,000	-	-
Aboriginal Health Transition Planning	20,000	20,000	-	-
ER/ALC	100,000	100,000	-	-
Critical Care Lead	75,000	75,000	-	-
ALC Resources Matching	370,000	370,000	-	-
FLHS	106,000	106,000	-	-
French Planning Entities	568,713	568,713	-	-
Primary Care lead	75,000	75,000	-	-
Diabetes RCC	1,129,301	1,129,301	-	-
Pan and Parapan Am Games	414,498	414,498	-	-
EMCT	800,000	800,000	-	-
	4,771,377,219	4,771,374,412	2,807	13,607

During the year, the LHIN was provided net funding of $568,713 (Note 9) (2014 - $568,713) from the MOHLTC for the French Planning Entities and an amount of $568,713 was flowed directly to "Entité de planification pour les services de santé en français de Toronto Centre".

b) The amount due to the MOHLTC related to current activities at March 31 is made up as follows:

	2015 $	2014 $
Due to MOHLTC, beginning of year	(13,607)	(145,816)
MOHLTC payment	13,607	145,816
Funding repayable to the MOHLTC related to current year activities (Note 4a)	(2,807)	(13,607)
Due to MOHLTC, end of year	(2,807)	(13,607)

Toronto Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

5. Deferred capital contributions

	2015	2014
	$	$
Balance, beginning of year	2,503,058	1,801,524
Capital contributions received during the year	1,090,044	1,573,528
Amortization for the year	(1,379,579)	(871,994)
Balance, end of year	2,213,523	2,503,058

6. Tangible capital assets

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Office furniture and fixtures	560,463	389,197	171,266	218,667
Computer equipment	6,204,337	4,332,001	1,872,336	1,750,354
Leasehold improvements	2,032,454	1,862,533	169,921	534,037
	8,797,254	6,583,731	2,213,523	2,503,058

7. Budget figures

The budget figures reported in the Statement of operations reflect the initial budget at April 1, 2014. The figures have been reported for the purposes of these statements to comply with PSAB reporting requirements. The following reflects the adjustments for the LHIN during the year:

The total HSP funding budget of $4,761,002,833 is made up of the following:

	$
Initial HSP Funding budget	4,621,561,004
Adjustment due to announcements made during the year	139,441,829
Total HSP Funding	4,761,002,833

The total operating budget, excluding HSP Funding is $8,885,355.

Toronto Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

8. Transfer payments to HSPs

The LHIN has authorization to allocate funding of $4,761,002,833 (2014 - $4,715,109,989) to the various HSPs in its geographic area. The LHIN approved transfer payments to the various sectors in fiscal 2015 as follows:

	2015	2014
	$	$
Operation of hospitals	**3,584,903,808**	3,581,113,829
Long-term care homes	**267,424,716**	262,005,072
Community care access centre	**244,702,630**	232,956,277
Community support services	**93,450,523**	84,357,083
Assisted living services in supportive housing	**53,660,470**	49,625,351
Community health centres	**91,699,161**	92,931,485
Community mental health addictions program	**127,118,591**	118,555,888
Addictions program	**37,861,791**	34,698,561
Specialty psychiatric hospital	**260,163,143**	258,866,443
	4,761,002,833	4,715,109,989

9. Operations of LHIN - Project Initiatives

The LHIN received funds for various initiatives listed in the Statement of operations. The following table classifies the initiatives expenses by object:

	2015	2014
	$	$
Salaries and benefits	**3,102,383**	2,114,494
Professional services	**197,184**	250,580
Funding transferred	**668,713**	568,713
Other	**375,282**	705,871
	4,343,612	3,639,658

Diabetes Regional Coordination Centre operational expenses included in the project fund expenses above are as follows:

	Actual 2015	Actual 2014
	$	$
Salaries and benefits	**954,043**	919,048
Others	**175,258**	348,473
	1,129,301	1,267,521

Toronto Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

16. General and administrative expenses

The Statement of operations presents the expenses by function; the following classifies general and administrative expenses:

	2015	2014
	$	$
Salaries and benefits	3,954,664	3,878,810
Occupancy	263,696	259,113
Amortization	204,342	333,116
Shared services	317,718	371,494
LHINC	90,829	47,500
Consulting services	77,246	192,167
Translation services	88,380	19,250
Professional services	16,800	12,560
Supplies	40,063	25,753
Computer expenses	144,983	40,172
Governance	39,340	57,679
Mail, courier and telecommunications	42,131	102,326
Other	242,996	172,665
	5,488,367	5,512,605

The following lists the Board Chair and Directors per diem costs as well as their travel and development expenses, which are included in governance expense in the general and administrative expenses above.

		2015	2014
	Budget	Actual	Actual
	$	$	$
Board Chair per diem cost	36,408	15,050	21,000
Directors per diem cost	61,677	23,950	35,575
Board travel and development expenses	1,915	340	1,104
	100,000	39,340	57,679

Toronto Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

15. **LHIN Shared Services Office**

The following presents the financial position and financial activities, by object, of the LHIN Shared Services Office (LSSO) for the year:

LHIN Shared Services Office
Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	508,021	140,350
Due from LHINs	132,187	20,887
Due from LHINC*	-	38,879
Harmonized Sales Tax receivable	218,821	618,848
	844,848	818,380
Liabilities		
Accounts payable and accrued liabilities	948,761	878,847
Due to TC LHIN*	98,160	(88,715)
Deferred capital contributions	1,601,857	1,030,910
	2,197,784	2,110,392
Net debt	1,652,882	1,095,982
Non-financial assets		
Prepaid expenses	51,848	65,072
Tangible capital assets	1,601,857	1,030,910
	1,652,882	1,095,982
Accumulated surplus	-	-

*Amounts due to/from TC LHIN and LHINC are eliminated upon combination.

Toronto Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

11. **LHIN Shared Services Office (continued)**

LHIN Shared Services Office
Statement of financial activities
year ended March 31, 2015

		2015	2014
	Budget	**Actual**	Actual
	$	**$**	$
Revenue			
Amounts recovered/recoverable from the LHINs	**5,663,296**	**4,783,818**	4,505,758
MOHLTC funding	**-**	**-**	740,000
Amortization of deferred capital contributions	**-**	**1,040,008**	468,218
	5,663,296	**5,823,826**	5,713,976
Expenses**			
Salaries	**1,878,077**	**1,603,744**	1,430,609
Benefits	**296,868**	**299,881**	184,322
Supplies	**40,203**	**29,164**	27,632
Telecommunications	**24,100**	**11,367**	4,531
Recruitment and staff development	**8,840**	**20,040**	6,845
Computer expense	**367,706**	**463,062**	596,139
Consulting fees	**18,000**	**21,244**	9,035
Professional services	**21,600**	**21,970**	19,500
Meeting expenses	**7,479**	**1,882**	15
Amortization	**-**	**1,040,008**	468,218
Occupancy	**161,186**	**167,812**	167,750
Other	**33,600**	**20,830**	18,790
Outsourcing services	**2,801,878**	**2,122,962**	2,780,590
Total common LHIN services expenses	**5,663,296**	**5,823,826**	5,713,976
Less: inter-entity transactions eliminated on combination***	**-**	**(401,661)**	(698,747)
	5,663,296	**5,422,165**	5,015,229

** **Included in total expenses above are $750,151 related to legal department expenses, of which $637,313 are salaries and benefits expenses.**

*** **Included in total expenses above are $401,661 (2014 - $698,747) related to inter-entity transactions and are eliminated upon combination.**

Toronto Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

12. LHIN Collaborative

The following presents the financial position and financial activities, by object, of the LHIN Collaborative (LHINC) for the year:

LHIN Collaborative
Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	188,446	188,068
Harmonized Sales Tax receivable	1,055	9,597
	189,501	197,665
Liabilities		
Accounts payable and accrued liabilities	46,229	150,320
Due to TC LHIN*	149,596	36,674
Deferred capital contributions	67,614	202,843
Due to MOHLTC (Note 4a)	-	11,547
	263,439	401,384
Net debt	73,938	203,719
Non-financial assets		
Prepaid expenses	6,324	876
Tangible capital assets	67,614	202,843
	73,938	203,719
Accumulated surplus	-	-

* Amounts due from the LSSO and due to TC LHIN are eliminated upon combination.

Toronto Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

12. LHIN Collaborative (continued)

LHIN Collaborative
Statement of financial activities
year ended March 31, 2015

		2015	2014
	Budget	Actual	Actual
	$	$	$
Revenue			
Amounts recovered/recoverable from the LHINs	816,250	713,000	749,349
MOHLTC funding	670,000	670,000	670,000
Amortization of deferred capital contributions	-	135,229	70,660
	1,486,250	1,518,229	1,490,009
Funding repayable to the MOHLTC related to operations	-	-	(11,547)
	1,486,250	1,518,229	1,478,462
Expenses**			
Salaries	1,006,060	984,087	936,208
Benefits	204,590	197,613	210,169
Supplies	18,844	5,292	6,074
Telecommunications	11,100	8,589	1,090
Recruitment and staff developments	20,522	5,231	5,318
Computer expense	8,200	3,696	13,448
Consulting fees	35,500	8,871	68,873
Meeting expenses	13,900	7,547	9,941
Amortization	-	135,229	70,660
Occupancy	102,600	111,454	99,454
Other	20,534	6,220	9,727
Shared services	44,400	44,400	47,500
	1,486,250	1,518,229	1,478,462
Less: inter-entity transactions eliminated on combination	-	(50,929)	(47,500)
	-	1,467,300	1,430,962

**Included in total expenses above are $50,929 (2014 - $47,500) in inter-entity transactions that are eliminated upon combination.

MOHLTC funding of $30,000 (2014 - $30,000) was attributed to the Provincial End-of-Life Network, of which $11,547 was used toward the repayment of funding to the MOHLTC (Note 4a).

13. Pension agreements

The LHIN makes contributions to the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 70 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2015 was $616,320 (2014 - $520,651) for current service costs and is included as an expense in the Statement of operations. The last actuarial valuation was completed for the plan as of December 31, 2014. At that time, the plan was fully funded.

Toronto Central Local Health Integration Network

Notes to the financial statements
March 31, 2015

14. Guarantees

The LHIN is subject to the provisions of the Financial Administration Act. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favour of third parties, except in accordance with the Financial Administration Act and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the Local Health System Integration Act, 2006 and in accordance with s. 28 of the Financial Administration Act.

15. Commitments

The LHIN has commitments under various operating leases related to building and equipment. Lease renewals are likely. Minimum lease payments due over the next years are as follows:

	$
2016	445,720
2017	500
	446,220

The LHIN also has funding commitments to some HSPs associated with accountability agreements for fiscal 2015 and 2016. The actual amounts, which will ultimately be paid, are contingent upon actual LHIN funding received from the MOHLTC.

Toronto Central Local Health Integration Network

Combined statement of financial position and operations by division - Schedule 1
as at March 31, 2015

Combined statement of financial position and operations by division - Schedule 1	2015	2014	2015	2014	2015	2014	2015	2014
	Toronto Central		Shared Services Office		Collaborative		Total	Total
	$	$	$	$	$	$	$	$
Financial assets								
Cash	496,567	792,268	326,821	340,350	188,446	188,068	1,011,834	1,320,686
Due from LSSO/LHINC/TC LHIN*	245,749	-	-	135,389	-	-	245,749	135,389
Due from Local Health Integration Networks ("LHINs")	-	-	132,107	20,687	-	-	132,107	20,687
Due from MOHLTC regarding HSP transfer payments	34,279,012	40,825,415	-	-	-	-	34,279,012	40,825,415
Harmonized Sales Tax receivable	216,206	140,125	235,921	416,649	1,055	9,597	453,182	566,371
	35,237,534	41,757,808	694,849	913,075	189,501	197,665	36,121,884	42,868,548
Liabilities								
Accounts payable and accrued liabilities	970,215	840,320	649,741	978,647	46,229	150,320	1,666,185	1,969,287
Due to LSSO/LHINC/TC LHIN*	-	98,715	96,153	-	149,596	36,674	245,749	135,389
Due to HSPs	34,279,012	40,825,415	-	-	-	-	34,279,012	40,825,415
Deferred capital contributions	744,052	669,805	1,401,857	1,630,410	67,614	202,843	2,213,523	2,503,058
Due to Ministry of Health and Long-Term Care ("MOHLTC")	2,807	2,060	-	-	-	11,547	2,807	13,607
	35,996,086	42,436,315	2,147,751	2,609,057	263,439	401,384	38,407,276	45,446,756
Net debt	758,552	678,507	1,452,902	1,695,982	73,938	203,719	2,285,392	2,578,208
Non-financial assets								
Prepaid expenses	14,500	8,702	51,045	65,572	6,324	876	71,869	75,150
Tangible capital assets	744,052	669,805	1,401,857	1,630,410	67,614	202,843	2,213,523	2,503,058
	758,552	678,507	1,452,902	1,695,982	73,938	203,719	2,285,392	2,578,208
Accumulated surplus	-	-	-	-	-	-	-	-

* Amounts due from/to the LHIN Shared Services Office, due from/to the LHINC and due from/to TC LHIN are eliminated upon combination.

The accompanying notes to the financial statements are an integral part of these financial statements.

Toronto Central Local Health Integration Network

Combined statement of financial position and operations by division - Schedule I (continued)
year ended March 31, 2015

Combined statement of financial position and operations by division - Schedule I (continued)	2015	2014		2015	2014		2015	2014	2015	2014
		Toronto Central Operations			Shared Services Office			Collaborative		
	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual	Actual	Total	Total
	$	$	$	$	$	$	$	$	$	$	$
Revenue											
Amounts recovered/recoverable from the LHINs	-	-	-	5,663,296	4,783,818	4,505,758	816,250	713,000	749,349	5,496,818	5,255,107
MOHLTC funding	5,535,121	5,256,532	5,181,549	-	-	740,000	670,000	670,000	670,000	5,926,532	6,591,549
HSP transfer payments (Note 8)	4,621,561,004	4,761,002,833	4,715,109,989	-	-	-	-	-	-	4,761,002,833	4,715,109,989
Enabling Technologies funding (Note 3)	580,000	510,000	580,000	-	-	-	-	-	-	510,000	580,000
Emergency Department ("ED") Leads (Note 9)	75,000	75,000	75,000	-	-	-	-	-	-	75,000	75,000
Aboriginal Health Transition Planning (Note 9)	20,000	20,000	20,000	-	-	-	-	-	-	20,000	20,000
Emergency Room and Alternate Level of Care (ER/ALC) (Note 9)	100,000	100,000	100,000	-	-	-	-	-	-	100,000	100,000
Critical Care ("CC") Lead (Note 9)	75,000	75,000	75,000	-	-	-	-	-	-	75,000	75,000
Resources Matching Referrals (Note 9)	206,722	370,000	626,000	-	-	-	-	-	-	370,000	626,000
French Language Health Services (Note 9)	106,000	106,000	106,000	-	-	-	-	-	-	106,000	106,000
French Planning Entities (Note 9)	568,713	568,713	568,713	-	-	-	-	-	-	568,713	568,713
Primary Care Lead (Note 9)	75,000	75,000	75,000	-	-	-	-	-	-	75,000	75,000
Diabetes Regional Coordination Centre (Note 9)	1,129,301	1,129,301	1,267,521	-	-	-	-	-	-	1,129,301	1,267,521
Diabetes Early Detection (Note 9)	-	-	50,000	-	-	-	-	-	-	-	50,000
Physiotherapy Reform (Note 9)	-	-	27,341	-	-	-	-	-	-	-	27,341
Pan and Parapan Am Games (Note 9)	414,498	414,498	69,083	-	-	-	-	-	-	414,498	69,083
Emergency Mgmt Comm Tool (Note 9)	-	800,000	-	-	-	-	-	-	-	800,000	-
Amortization of deferred capital contributions (Note 5)	-	204,342	333,116	-	1,040,008	468,218	-	135,229	70,660	1,379,579	871,994
	4,630,446,359	4,770,707,219	4,724,264,312	5,663,296	5,823,826	5,713,976	1,486,250	1,518,229	1,490,009	4,778,049,274	4,731,468,297
Funding surplus repayable to the MOHLTC related to operations (Note 4(a))	-	(2,807)	(2,060)	-	-	-	-	-	(11,547)	(2,807)	(13,607)
	4,630,446,359	4,770,704,412	4,724,262,252	5,663,296	5,823,826	5,713,976	1,486,250	1,518,229	1,478,462	4,778,046,467	4,731,454,690
Expenses											
General and administrative (Note 10)	5,535,121	5,458,067	5,512,605	-	-	-	-	-	-	5,458,067	5,512,605
Common LHIN Services* (Note 11)	-	-	-	5,663,296	5,823,826	5,713,976	-	-	-	5,823,826	5,713,976
LHIN Collaborative** (Note 12)	-	-	-	-	-	-	1,486,250	1,518,229	1,478,462	1,518,229	1,478,462
Transfer payments to HSPs (Note 8)	4,621,561,004	4,761,002,833	4,715,109,989	-	-	-	-	-	-	4,761,002,833	4,715,109,989
Enabling Technologies (Note 3)	580,000	510,000	580,000	-	-	-	-	-	-	510,000	580,000
Emergency Department ("ED") Leads (Note 9)	75,000	75,000	75,000	-	-	-	-	-	-	75,000	75,000
Aboriginal Health Transition Planning (Note 9)	20,000	20,000	20,000	-	-	-	-	-	-	20,000	20,000
Emergency Room and Alternate Level of Care (ER/ALC) (Note 9)	100,000	100,000	100,000	-	-	-	-	-	-	100,000	100,000
Critical Care ("CC") Lead (Note 9)	75,000	75,000	75,000	-	-	-	-	-	-	75,000	75,000
Resources Matching Referrals (Note 9)	206,722	370,000	626,000	-	-	-	-	-	-	370,000	626,000
French Language Health Services (Note 9)	106,000	106,000	106,000	-	-	-	-	-	-	106,000	106,000
French Planning Entities (Note 9)	568,713	568,713	568,713	-	-	-	-	-	-	568,713	568,713
Primary Care Lead (Note 9)	75,000	75,000	75,000	-	-	-	-	-	-	75,000	75,000
Diabetes Regional Coordination Centre (Note 9)	1,129,301	1,129,301	1,267,521	-	-	-	-	-	-	1,129,301	1,267,521
Diabetes Early Detection (Note 9)	-	-	50,000	-	-	-	-	-	-	-	50,000
Physiotherapy Reform (Note 9)	-	-	27,341	-	-	-	-	-	-	-	27,341
Pan and Parapan Am Games (Note 9)	414,498	414,498	69,083	-	-	-	-	-	-	414,498	69,083
Emergency Mgmt Comm Tool (Note 9)	-	800,000	-	-	-	-	-	-	-	800,000	-
	4,630,446,359	4,770,704,412	4,724,262,252	5,663,296	5,823,826	5,713,976	1,486,250	1,518,229	1,478,462	4,778,046,467	4,731,454,690
Annual surplus and accumulated surplus, end of year	-	-	-	-	-	-	-	-	-	-	-

* These amounts will be adjusted by $401,661 for Toronto Central LHIN transactions. These numbers reflect LSSO operations on behalf of all 14 LHINs (Note 11).

** These amounts will be adjusted by $50,929 for Toronto Central LHIN transactions. These numbers reflect LHINC operations on behalf of all 14 LHINs (Note 12).

The accompanying notes to the financial statements are an integral part of these financial statements.

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Waterloo Wellington **LHIN**

Management Responsibility Report

The management of Waterloo Wellington Local Health Integration Network (LHIN) is responsible for preparing the accompanying financial statements in conformity with generally accepted accounting principles. In preparing these financial statements, management selects appropriate accounting policies and uses its judgment and best estimates to report events and transactions as they occur. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Financial data included throughout this Annual Report is prepared on a basis consistent with that of the financial statements.

The LHIN maintains a system of internal accounting controls designed to provide reasonable assurance, at a reasonable cost, that assets are safeguarded and that transactions are recorded in accordance with the LHIN's policies for doing business.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control, and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Committee meets approximately four times annually to review audited and unaudited financial information. Deloitte & Touche LLP has full and free access to the Audit Committee.

Management acknowledges its responsibility to provide financial information that is representative of the LHIN's operations, is consistent and reliable, and is relevant for the informed evaluation of the LHIN's activities.

Mr. Bruce Lauckner
Chief Executive Officer

Mrs. Zeynep Danis, CPA, CMA
Senior Director, Finance and Corporate Support

June 23, 2015

Deloitte.

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Independent Auditor's Report

To the Members of the Board of Directors of the
Waterloo Wellington Local Health Integration Network

We have audited the accompanying financial statements of Waterloo Wellington Local Health Integration Network, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Waterloo Wellington Local Health Integration Network as at March 31, 2015 and the results of its operations, change in its net debt, and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
May 28, 2015

Waterloo Wellington Local Health Integration Network

Statement of financial position
as at March 31, 2015

	2015	2014
	$	$
Financial assets		
Cash	421,932	844,942
Due from Ministry of Health and Long-Term Care (Note 9)	5,546,146	2,378,472
Other receivables	306,375	124,090
	6,274,453	3,347,504
Liabilities		
Accounts payable and accrued liabilities	542,072	667,663
Due to Ministry of Health and Long-Term Care (Note 3b)	248,365	334,506
Due to Health Service Providers ("HSPs") (Note 9)	5,546,146	2,378,472
Due to the Local Health Integration Networks Shared Services Office (Note 4)	4,298	89
Deferred capital contributions (Note 5)	249,620	252,488
	6,590,501	3,633,218
Net debt	(316,048)	(285,714)
Commitments (Note 6)		
Non-financial assets		
Prepaid expenses	66,428	33,226
Tangible capital assets (Note 7)	249,620	252,488
	316,048	285,714
Accumulated surplus	-	-

Approved by the Board

____________________ Board Chair

____________________ Finance and Audit Committee Chair

The accompanying notes to the financial statements are an integral part of this financial statement.

Waterloo Wellington Local Health Integration Network

Statement of operations
year ended March 31, 2015

	Budget (Note 8)	2015 Actual	2014 Actual
	$	$	$
Revenue			
Ministry of Health and Long-Term Care funding			
Health Service Providers transfer payments (Note 9)	1,007,340,276	1,035,139,980	1,021,950,105
Local Health Integration Network operations - general and administrative	4,107,342	4,107,343	4,173,795
Project Initiatives (Note 10)			
Diabetes Regional Coordination	1,057,284	1,057,284	1,341,284
Enabling Technologies ETI PMO	510,000	510,000	280,000
Emergency Department Lead	75,000	75,000	75,000
Emergency Department/Alternative Levels of Care Lead	100,000	100,000	100,000
Aboriginal Planning	5,000	5,000	5,000
French Language Services	106,000	106,000	106,000
Critical Care Lead	75,000	75,000	75,000
Primary Care Lead	75,000	75,000	75,000
Amortization of deferred capital contributions (Note 5)	94,245	94,245	81,134
	1,013,545,147	1,041,344,852	1,028,262,318
Funding repayable to Ministry of Health and Long-Term Care (Note 3b)	-	(248,355)	(478,506)
	1,013,545,147	1,041,096,497	1,027,783,812
Expenses			
Transfer payments to Health Service Providers (Note 9)	1,007,340,276	1,035,139,980	1,021,950,105
Local Health Integration Network operations - general and administrative (Note 11)	4,101,587	4,005,542	4,243,669
Project Initiatives (Note 10)			
Diabetes Regional Coordination	1,057,284	985,624	998,133
Enabling Technologies ETI PMO	510,000	454,095	171,752
Emergency Department Lead	75,000	75,000	65,661
Emergency Department/Alternative Levels	100,000	100,000	100,000
Aboriginal Planning	5,000	924	360
French Language Services	106,000	105,432	106,000
Critical Care Lead	75,000	75,000	72,132
Primary Care Lead	75,000	75,000	75,000
	1,013,545,147	1,041,096,497	1,027,783,812
Annual surplus and accumulated surplus, end of year	-	-	-

The accompanying notes to the financial statements are an integral part of this financial statement.

Waterloo Wellington Local Health Integration Network

Statement of change in net debt
year ended March 31, 2015

	Budget (Note [illegible])	2015	2014
	$	$	$
Annual surplus	-	-	-
Change in prepaid expenses, net	-	(33,202)	26,417
Acquisition of tangible capital assets	(91,377)	(91,377)	(52,268)
Amortization of tangible capital assets	94,245	94,245	81,134
Decrease (increase) in net debt	2,868	(30,334)	55,283
Net debt, beginning of year	(288,716)	(288,716)	(343,999)
Net debt, end of year	(285,848)	(319,050)	(288,716)

The accompanying notes to the financial statements are an integral part of this financial statement.

Waterloo Wellington Local Health Integration Network

Statement of cash flows
year ended March 31, 2015

	2015	2014
	$	$
Operating activities		
Annual surplus	-	-
Less: items not affecting cash		
Amortization of tangible capital assets	96,240	61,139
Amortization of deferred capital contributions (Note 5)	(96,240)	(61,139)
	-	-
Changes in non-cash operating items		
Due from Ministry of Health and Long-Term Care	(3,167,079)	(2,378,673)
Increase in other receivables	(182,268)	(67,253)
Accounts payable and accrued liabilities	(128,391)	(5,412)
Due to Ministry of Health and Long-Term Care	(88,151)	(35,361)
Due to Health Service Providers ("HSPs")	3,167,079	2,378,673
Due to Local Health Integration Networks		
Shared Services Office	4,219	(35,381)
Prepaid expenses	(33,393)	26,417
	(423,910)	(117,358)
Acquisition of tangible capital assets	(91,277)	(52,258)
Financing activity		
Capital contributions received (Note 5)	91,277	52,258
Net decrease in cash	(423,910)	(117,358)
Cash, beginning of year	844,842	962,200
Cash, end of year	420,932	844,842

The accompanying notes to the financial statements are an integral part of this financial statement.

Waterloo Wellington Local Health Integration Network

Notes to the financial statements
March 31, 2015

1. Description of business

The Waterloo Wellington Local Health Integration Network was incorporated by Letters Patent on June 2, 2005 as a corporation without share capital. Following Royal Assent to Bill 36 on March 28, 2006, it was continued under the *Local Health System Integration Act, 2006* (the "Act") as the Waterloo Wellington Local Health Integration Network (the "LHIN") and its Letters Patent were extinguished. As an agent of the Crown, the LHIN is not subject to income taxation.

The LHIN is, and exercises its powers only as, an agent of the Crown. Limits on the LHIN's ability to undertake certain activities are set out in the Act.

The mandates of the LHIN are to plan, fund and integrate the local health system within its geographic area. The LHIN spans carefully defined geographical areas and allows for local communities and health care providers within the geographical area to work together to identify local priorities, plan health services and deliver them in a more coordinated fashion. The LHIN covers all of the County of Wellington, the Region of Waterloo, and the City of Guelph. The LHIN also contains part of Grey County, which is split with the South West and the North Simcoe Muskoka LHINs. The LHIN enters into service accountability agreements with health service providers.

The LHIN is funded by the Province of Ontario in accordance with the Ministry LHIN Performance Agreement ("MLPA"), which describes budget arrangements established by the Ministry of Health and Long-Term Care ("MOHLTC") and provides the framework for the LHIN accountabilities and activities. These financial statements reflect agreed funding arrangements approved by the MOHLTC. The LHIN cannot authorize an amount in excess of the budget allocation set by the MOHLTC.

The LHIN assumed responsibility to authorize transfer payments to Health Service Providers ("HSPs"), effective April 1, 2007. The transfer payment amount is based on provisions associated with the respective HSPs' Accountability Agreement with the LHIN. Throughout the fiscal year, the LHIN authorizes and notifies the MOHLTC of the transfer payment amount; the MOHLTC, in turn, transfers the amount directly to the HSP. The cash associated with the transfer payment does not flow through the LHIN bank account.

Commencing April 1, 2007, all funding payments to LHIN managed HSPs in a LHIN geographic area, have flowed through each LHIN's financial statements. Funding allocations from the MOHLTC are reflected as revenue and an equal amount of transfer payments to authorized HSPs are expensed in each LHIN's financial statements for the year ended March 31, 2015.

The LHIN statements do not include any Ministry managed programs.

2. Significant accounting policies

The financial statements of the LHIN are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the LHIN are as follows:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal year that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal year that the events giving rise to the expenses are incurred, resources are consumed, and they are measurable. Through the accrual basis of accounting, expenses include non-cash items such as the amortization of tangible capital assets.

Waterloo Wellington Local Health Integration Network

Notes to the financial statements
March 31, 2015

2. Significant accounting policies (continued)

Government transfer payments

Government transfer payments from the MOHLTC are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Certain amounts, including transfer payments from the MOHLTC, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed. In addition, certain amounts received are used to pay expenses for which the related services have yet to be performed. These amounts are recorded as payable to the MOHLTC at period end.

Deferred capital contributions

Any amounts received that are used to fund capital assets, are recorded as deferred capital contributions and are recognized as revenue over the useful life of the asset reflective of the provision of its services. The amount recorded under "revenue" in the statement of operations, is in accordance with the amortization policy applied to the related tangible capital asset recorded.

Tangible capital assets

Tangible capital assets are recorded at historic cost. Historic cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of capital assets. The cost of tangible capital assets contributed is recorded at the estimated fair value on date of contribution. Fair value of contributed tangible capital assets is estimated using the cost of asset or, where more appropriate, market or appraisal values. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software is recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives as follows:

Computer equipment, furniture and fixtures	3 years straight-line method
Leasehold improvements	Life of lease straight-line method
Office equipment	5 years straight-line method

For assets acquired or brought into use during the year, amortization is provided for a full year.

Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the statement of operations and within the related notes for both the prior and current year sufficiently disclose information of all appropriate segments and, therefore, no additional disclosure is required.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accrued liabilities and useful lives of the tangible capital assets. Actual results could differ from those estimates.

Waterloo Wellington Local Health Integration Network

Notes to the financial statements
March 31, 2015

3. Funding repayable to the MOHLTC

In accordance with the MLPA, the LHIN is required to be in a balanced position at year end. Thus, any funding received in excess of expenses incurred, is required to be returned to the MOHLTC.

a) The amount repayable to the MOHLTC related to current year activities is made up of the following components:

			2015	2014
	Funding received	Eligible expenses	Funding excess	Funding excess
	$	$	$	$
Transfer payments to HSPs	1,035,139,980	1,035,139,980	-	-
LHIN operations	4,201,588	4,085,542	116,046	11,260
Diabetes Regional Coordination Centre	1,057,284	985,524	71,760	343,151
Enabling Technologies	510,000	454,095	55,905	108,248
Critical Care Lead	75,000	75,000	-	2,868
Emergency Department Lead	75,000	75,000	-	8,339
Emergency Department/Alternative Levels of Care Lead	100,000	100,000	-	-
Aboriginal Planning	5,000	924	4,076	4,640
French Language Services	106,000	105,432	568	-
Primary Care Lead	75,000	75,000	-	-
	1,041,344,852	1,041,096,497	248,355	478,506

b) The amount due to the MOHLTC at March 31 is made up as follows:

	2015	2014
	$	$
Due to MOHLTC, beginning of year	334,506	369,847
Paid to MOHLTC during year	(334,506)	(513,847)
Funding repayable to the MOHLTC related to current year activities (Note 3a)	248,355	478,506
Due to MOHLTC, end of year	248,355	334,506

4. Related party transactions

LHIN Shared Services Office, Local Health Integration Network Collaborative

The LHIN Shared Services Office (the "LSSO") and the Local Health Integration Network Collaborative (the "LHINC") are divisions of the Toronto Central LHIN and are subject to the same policies, guidelines and directives as the Toronto Central LHIN. The LSSO, on behalf of the LHINs is responsible for providing services to all the LHINs. The full costs of providing these services are billed to all the LHINs. Any portion of the LSSO operating costs overpaid (or not paid) by the LHINs at the year end are recorded as a receivable (payable) from (to) the LSSO. This is all done pursuant to the shared service agreement the LSSO has with all the LHINs.

4. Related party transactions (continued)

The LHINC was formed in fiscal 2011 to strengthen relationships between and among health service providers, associations and the LHINs, and to support system alignment. The purpose of LHINC is to support the LHINs in:

- Fostering engagement of the health service provider community in support of collaborative and successful integration of the health care system;
- Their role as system manager;
- Where appropriate, the consistent implementation of provincial strategy and initiatives;
- The identification and dissemination of best practices.

LHINC is a LHIN-led organization and accountable to the LHINs. LHINC is funded by the LHINs with support from the MOHLTC.

Enabling Technologies for Integrated Project Management Office

Effective January 31, 2014, the LHIN entered into an agreement with Erie St. Clair, Hamilton Niagara Haldimand Brant and South West (the "Cluster") in order to enable the effective and efficient delivery of e-health programs and initiatives within the geographic area of the Cluster. Under the agreement, decisions related to the financial and operating activities of the Enabling Technologies for Integration Project Management Office are shared. No LHIN is in a position to exercise unilateral control.

The MOHLTC provided the South West LHIN with $2,040,000 (2014 - $2,320,000) related to Enabling Technologies initiatives. The South West LHIN flowed $510,000 (2014 - $280,000) of the funding to the Waterloo Wellington LHIN.

5. Deferred capital contributions

	2015	2014
	$	$
Balance, beginning of year	**252,488**	281,354
Capital contributions received during the year	**91,377**	52,268
Amortization for the year	**(94,245)**	(81,134)
	249,620	252,488

6. Commitments

The LHIN has commitments under various operating leases and maintenance contracts related to building, software and equipment. Lease renewals are likely. Minimum lease payments due in each of the next five years are as follows:

	$
2016	334,982
2017	311,380
2018	311,380
2019	311,380
2020	77,845
Thereafter	-

The LHIN also has funding commitments to HSPs associated with accountability agreements. The actual amounts which will ultimately be paid are contingent upon actual LHIN funding received from the MOHLTC.

Waterloo Wellington Local Health Integration Network

Notes to the financial statements
March 31, 2015

7. Tangible capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
	$	$	$	$
Office equipment, furniture and fixtures	362,261	347,296	14,965	56,478
Computer equipment	85,467	83,233	2,234	3,439
Leasehold improvements	358,650	126,229	232,421	192,571
	806,378	556,758	249,620	252,488

8. Budget figures

The budget figures reported in the statement of operations reflect the initial budget at April 1, 2014 as approved by the LHIN Board. The figures have been reported for the purposes of these statements to comply with PSAB reporting requirements. During the year the government approved budget adjustments. The following reflects the adjustments for the LHIN during the year:

The final HSP funding budget of $1,035,139,980 is derived as follows:

	$
Initial budget	1,007,340,276
Additional funding received during the year	27,799,704
Final budget	1,035,139,980

The final LHIN general and administrative and specific initiatives budget of $6,204,871 is derived as follows:

	$
Initial budget	6,296,248
Additional funding received during the year	-
Amount treated as capital contributions made during the year	(91,377)
Final budget	6,204,871

Waterloo Wellington Local Health Integration Network

Notes to the financial statements
March 31, 2015

9. Transfer payments to HSPs

During the year, the LHIN was authorized to allocate funding of $1,035,139,980 (2014 - $1,021,950,105) to the various HSPs in its geographic area. Actual transfer payments to the various sectors in fiscal 2015 as follows:

	2015	2014
	$	$
Operations of hospitals	**591,089,080**	592,553,624
Grants to compensate for municipal taxation - public hospitals	**159,225**	159,225
Long-term care homes	**178,940,392**	176,901,625
Community care access centre	**130,112,449**	122,436,308
Community support services	**27,176,605**	25,334,972
Assisted living services in supportive housing	**6,013,278**	5,923,778
Community health centres	**21,393,493**	20,799,606
Community mental health programs	**38,641,303**	36,660,812
Specialty psychiatric hospitals	**30,642,050**	30,642,050
Addictions programs	**10,972,105**	10,538,105
	1,035,139,980	1,021,950,105

The LHIN receives funding from the MOHLTC and in turn allocates it to the HSPs. As at March 31, 2015, an amount of $5,546,146 (2014 - $2,378,472) was receivable from the MOHLTC and payable to HSPs. These amounts have been reflected as revenue and expenses in the statement of operations and are included in the table above.

10. Project Initiatives

Separate funding amounts were received by the LHIN from MOHLTC for specific project initiatives. These revenues and the associated expenses are classified by initiative in the Statement of operations. The following table classifies the initiative expenses by object:

	2015	2014
	$	$
Salaries, benefits, and consulting services	**1,664,776**	1,363,517
Occupancy	**74,338**	82,957
Shared services	**120,008**	103,467
Public relations	**1,410**	25,518
Mail, courier, and telecommunications	**5,042**	3,717
Other	**5,401**	10,862
	1,870,975	1,590,038

Diabetes strategy operational expenses included in the project initiative expenses above are as follows:

	2015	2014
	$	$
Salaries and benefits	**857,288**	799,082
Other expenses	**128,236**	199,052
One-time expense	**-**	32,533
	985,524	1,030,667

Waterloo Wellington Local Health Integration Network

Notes to the financial statements
March 31, 2015

11. LHIN operations - general and administrative expenses

The statement of operations presents expenses by function. The following classifies general and administrative expenses by object:

	2015	2014
	$	$
Salaries and benefits	**2,579,361**	2,843,504
Occupancy	**215,822**	230,213
Amortization	**94,245**	81,134
Shared Services	**283,655**	308,951
LHIN Collaborative	**47,500**	36,743
Public relations	**129,647**	38,686
Consulting services	**271,347**	142,928
Supplies	**67,888**	45,784
Board Chair per diems	**65,975**	66,500
All other board members' per diems	**26,550**	34,925
Other governance costs	**53,023**	45,343
Mail, courier and telecommunications	**44,148**	39,512
Other	**206,381**	329,446
	4,085,542	4,243,669

12. Pension agreements

The LHIN makes contributions to the Hospitals of Ontario Pension Plan ("HOOPP"), which is a multi-employer plan, on behalf of approximately 35 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to HOOPP for fiscal 2015 was $299,130 (2014 - $276,881) for current service costs and is included as an expense in the statement of operations. The last actuarial valuation was completed for the plan on December 31, 2014. At that time, the plan was fully funded.

13. Guarantees

The LHIN is subject to the provision of the *Financial Administration Act*. As a result, in the normal course of business, the LHIN may not enter into agreements that include indemnities in favour of third parties, except in accordance with the *Financial Administration Act* and the related Indemnification Directive.

An indemnity of the Chief Executive Officer was provided directly by the LHIN pursuant to the terms of the *Local Health System Integration Act, 2006* and in accordance with s. 28 of the *Financial Administration Act*.

14. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

METROLINX
An agency of the Government of Ontario

June 25, 2015

Management's Responsibility for Financial Information

Metrolinx Management and the Board of Directors are responsible for the financial statements and all other information presented in these financial statements. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include amounts based on management's best estimates and judgements.

Management has developed and maintains financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information. Internal audits are conducted to assess management systems and practices, and reports are issued to the Audit Committee of the Board.

The Metrolinx Board of Directors, through the Audit Committee, assures that management fulfills its responsibilities for financial information and internal control. This Committee reviews the financial statements and the external auditors' report.

The financial statements have been examined by Deloitte LLP, Metrolinx's appointed external auditor. The external auditor's responsibility is to express an opinion based on their audits. The audits are conducted in accordance with Canadian generally accepted auditing standards. The Auditor's Report outlines the scope of the Auditor's examination and opinion.

For the fiscal year ended March 31, 2015, Metrolinx's Board of Directors, through the Audit Committee, was responsible for assuring that management fulfilled its responsibilities for financial reporting and internal control. The Committee meets regularly with management, the internal auditor and Deloitte LLP to satisfy itself that each group has discharged its respective responsibility. The Committee reviews the financial statements before recommending approval by the Board of Directors. Deloitte LLP had direct and full access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of Metrolinx's financial reporting and the effectiveness of the system of internal controls.

Robert Siddall

Bruce McCuaig
President and Chief Executive Officer

Robert Siddall, CPA, CA
Chief Financial Officer

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Independent Auditor's Report

To the Board of Directors of Metrolinx

We have audited the accompanying financial statements of Metrolinx, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, remeasurement gains and losses, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metrolinx as at March 31, 2015, the results of its operations, its remeasurement gains and losses and, its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 25, 2015

Metrolinx

Statement of financial position
as at March 31, 2015

(in thousands of dollars)

	2015	2014
	$	$
Assets		
Current assets		
Cash and cash equivalents (Notes 4 and 5)	331,111	439,958
Accounts receivable (Note 7)	154,186	155,146
Contributions due from Province of Ontario	186,743	133,894
Contributions due from Government of Canada	40,888	13,458
Spare parts and supplies	8,338	6,454
Prepaid expenses	18,592	22,729
	729,822	771,638
Funds being held for Province of Ontario (Note 5)	-	46,687
Contributions due from Province of Ontario - long-term (Note 10)	48,368	-
Capital assets (Note 6)	11,570,865	9,739,344
Deposits on land (Note 8)	121,389	145,048
Advances on capital projects (Note 8)	213,488	139,369
Long-term lease (Note 9)	27,880	28,207
Derivative asset (Note 18)	-	612
	12,711,812	10,870,885
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	662,972	709,835
PRESTO Farecard E-Purse (Note 4)	29,024	23,975
	691,996	733,810
Advance from Province of Ontario (Note 5)	-	46,687
Long-term payable (Note 10)	48,368	-
Deferred capital contributions (Note 11)	9,734,686	7,979,766
Pension plan top-up benefits payable (Note 13)	56,741	53,563
Other employee future benefits payable (Note 14)	105,411	96,844
	10,637,202	8,910,630
Commitments (Note 17)		
Contingencies (Note 19)		
Net assets		
Net assets invested in capital assets (Note 15)	2,171,086	2,044,015
Net assets invested in long-term lease	27,880	28,207
Net assets internally restricted (Note 16)	26,332	26,332
Deficiency of net assets	(150,688)	(138,911)
	2,074,610	1,959,643
Accumulated remeasurement gains	-	612
	12,711,812	10,870,885

On behalf of the Board

Stephen Smith

Director

J. Robert S. Prichard

Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Metrolinx

Statement of operations
year ended March 31, 2015

(in thousands of dollars)

	2015	2014
	$	$
Revenue	428,965	430,777
Operating revenue	190,440	181,480
Contribution from the Province of Ontario	6,771	7,746
Investment income	386,331	291,147
Amortization of deferred capital contributions (Note 11)	10,917	246
Gain on disposal of capital assets	1,026,324	911,396
Expenses	60,071	44,002
Supplies and services	77,090	73,804
Equipment maintenance	93,640	67,672
Facilities and track	240,427	220,868
Labour and benefits	218,799	184,683
Rail and bus operations	382,128	298,138
Amortization of capital assets	327	327
Amortization of long term losses	1,044,137	928,354
	(17,813)	(16,958)
Excess of expenses over revenue		

The accompanying notes to the financial statements are an integral part of this financial statement

Metrolinx

Statement of changes in net assets
year ended March 31, 2015

(in thousands of dollars)

					2015	2014
	Invested in capital assets (Note 19)	Invested in long-term loans	Internally restricted net assets (Note 18)	Deficiency	Total	Total
	$	$	$	$	$	$
Balance, beginning of year	2,046,016	28,207	26,332	(190,911)	1,909,644	1,794,022
Excess of expenses over revenues	–	–	–	(97,918)	(97,918)	(18,858)
Amortization (net of amortization to revenue)	(6,349)	(627)	–	6,976	–	–
Assets contributed by the Province of Ontario (Note 20 (c))	18	–	–	–	18	18,093
Land acquisitions, net of deposits	23,299	–	–	–	23,299	62,389
Land fair value adjustment	–	–	–	–	–	720
Disposal of land	(987)	–	–	987	–	–
Deposits on land	109,397	–	–	–	109,397	91,398
Balance, end of year	2,171,394	27,580	26,332	(280,866)	1,944,440	1,909,644

The accompanying notes to the financial statements are an integral part of this financial statement.

Metrolinx

Statement of remeasurement gains and losses
year ended March 31, 2015

(in thousands of dollars)

	2015	2014
	$	$
Balance, beginning of year	613	58
Unrealized gains (losses) attributable to:		
Forward fuel purchase contracts (Note 18)	–	613
Amounts reclassified to the statement of operations:		
Forward fuel purchase contracts (Note 18)	(613)	(58)
Net remeasurement gains and (losses)	(613)	555
Balance, end of year	–	613

The accompanying notes to the financial statements are an integral part of this financial statement.

Metrolinx

Statements of cash flows
year ended March 31, 2015

(In thousands of dollars)

	2015 $	2014 $
Operating activities		
Excess of expenses over revenues	**(17,813)**	(16,958)
Amortization of capital assets and long-term lease	**352,452**	296,525
Gain on disposal of capital assets	**(10,817)**	(246)
Amortization of deferred capital contributions	**(350,331)**	(291,147)
Employee future benefits, net of payments	**11,745**	11,142
	(14,764)	(684)
Change in non-cash working capital		
Accounts receivable	**(3,186)**	23,863
Spare parts and supplies	**(1,871)**	(2,984)
Prepaid expenses	**4,136**	(6,960)
Accounts payables and accrued liabilities	**6,967**	3,240
PRESTO Farecard E-Purse	**5,049**	6,678
	(3,669)	23,153
Capital activities		
Purchase of capital assets	**(1,916,361)**	(1,561,255)
Proceeds from sale of capital assets	**14,763**	683
Deposits on land	**(109,507)**	(81,396)
Advances on capital projects	**(213,458)**	(139,369)
	(2,224,563)	(1,781,337)
Financing activities		
Grants received for purchase of land	**132,765**	163,765
Capital contributions	**2,006,620**	1,631,266
	2,139,385	1,795,031
Net change in cash and cash equivalents	**(88,847)**	36,847
Cash and cash equivalents, beginning of year	**439,958**	403,111
Cash and cash equivalents, end of year	**351,111**	439,958
Supplemental cash flow information		
Non-cash capital activities		
Change in accounts payable and accrued liabilities relating to capital assets	**(53,831)**	235,041
Change in long-term capital payable/contribution due from Province	**48,368**	(62,359)
Assets contributed by the Province of Ontario (Note 20 (c))	**15**	18,095
Non-cash financing activities		
Capital contributions receivable/payable	**(58,286)**	(143,066)
Sunk Project costs recoverable from TTC transferred from work-in-progress to accounts receivable	**(4,175)**	78,963

The accompanying notes to the financial statements are an integral part of this financial statement

Metrolinx

Notes to the financial statements
March 31, 2015
(In thousands of dollars)

1. Nature of operations

Metrolinx is a Crown agency, reporting to the Minister of Transportation of Ontario ("MTO"). It is a non-share capital corporation and is exempt from income taxes under Section 149(1) (d) of the Income Tax Act (Canada).

Metrolinx was created by sections of the Greater Toronto Transportation Authority Act, 2006 which were proclaimed on August 24, 2006. On May 14, 2009, Bill 163 was proclaimed amending the Greater Toronto Transportation Authority Act, 2006 and changing the title of the Act to the Metrolinx Act, 2006. Metrolinx's mandate is to lead the coordination, planning, financing and development of an integrated multi-modal transportation network for the Greater Toronto and Hamilton Area ("GTHA"). Taking a regional approach, Metrolinx brings together the Province of Ontario ("the Province"), municipalities and local transportation authorities to produce long-term economically and environmentally sustainable transportation solutions.

GO Transit is a division of Metrolinx that operates an interregional public transit system consisting of integrated rail and bus corridors. The network of rail and bus services primarily serves communities across the Greater Toronto and Hamilton Area including the Cities of Toronto and Hamilton, and Regions of Halton, Peel, York, Durham as well as Simcoe County, Dufferin County, Wellington County and the cities of Barrie, Guelph, Kitchener and Niagara Falls and the Town of Bradford-West Gwillimbury.

The Union Pearson ("UP") Express is a division of Metrolinx that is responsible for providing high-quality dedicated express rail service connecting Canada's busiest transportation hubs, Union Station in downtown Toronto and Toronto Pearson International Airport. Construction that had begun in July 2010 is now nearly complete with the new trains undergoing testing for safety and efficiency. The UP Express was fully operational starting on June 6, 2015.

PRESTO is a division of Metrolinx which created and operates the PRESTO fare system, an electronic fare card that allows riders to transfer seamlessly across multiple transit systems. PRESTO is currently available on 10 transit agencies in the GTHA. Phase 1 of the PRESTO fare system implementation on the Toronto Transit Commission ("TTC") will be completed during the fiscal year ending March 31, 2016 covering 26 subway stations and all new streetcars. PRESTO is fully deployed on the OC Transpo network in Ottawa.

2. Summary of significant accounting policies

Financial statement presentation

These financial statements have been prepared by management in accordance with the accounting principles for government not-for-profit organizations recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada").

Financial instruments

Financial instruments are financial assets or liabilities of Metrolinx which, in general, provide Metrolinx the right to receive cash or another financial asset from another party or require Metrolinx to pay another party cash or other financial assets.

Metrolinx

Notes to the financial statements
March 31, 2015
(In thousands of dollars)

2. Summary of significant accounting policies (continued)

All financial instruments reported on the statement of financial position of Metrolinx are classified as follows:

Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Contributions due from Province of Ontario	Amortized cost
Contributions due from Government of Canada	Amortized cost
Funds being held for Province of Ontario	Amortized cost
Contributions due from Province of Ontario - long-term	Amortized cost
Derivative asset	Fair value
Accounts payable and accrued liabilities	Amortized cost
PRESTO Fare Card E-Purse	Amortized cost
Advance from Province of Ontario	Amortized cost
Long-term payable	Amortized cost

Transaction costs on assets measured at fair value are expensed as incurred.

The fair value of Metrolinx's cash and cash equivalents, accounts receivable, contributions due from Province of Ontario, contributions due from Government of Canada, accounts payable and accrued liabilities and PRESTO Fare Card E-Purse approximate their carrying values due to the short-term nature of these financial instruments. The fair value of other financial instruments approximate their carrying values unless otherwise noted, based on market rates available to Metrolinx for financial instruments with similar risks, terms and maturities.

Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Metrolinx's fair values are management's estimates and are generally determined using market conditions at a specific point in time. The determinations are subjective in nature, involving uncertainties and the exercise of significant judgment.

Metrolinx enters into contracts for diesel fuel to manage exposure to diesel fuel price risks. These derivative instruments are recorded on the statement of financial position as an asset or liability and are measured at fair value. The unrealized gains or losses in the derivative instruments' fair value are recognized in the statement of remeasurement gains and losses.

Metrolinx does not hold or issue derivative financial instruments for trading or speculative purposes, and controls are in place to detect and prevent these activities.

Impairment of financial instruments

Management reviews its financial instruments for other than temporary impairment on an annual basis. When a financial instrument is determined to have an other than temporary impairment, a loss is recognized in the statement of operations.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and highly liquid short-term investments with maturities of three months or less at the time of purchase.

Spare parts and supplies

Spare parts and supplies are carried at the lower of cost and net realizable value. Cost is determined using the weighted-average method.

Metrolinx

Notes to the financial statements
March 31, 2015
(In thousands of dollars)

2. Summary of significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost. The cost of a capital asset includes all costs directly related to the acquisition, construction, development or betterment of the capital asset. Salaries, wages and associated employee benefits for staff directly involved in the acquisition, development or construction of a capital asset are included in the cost of the capital asset.

Metrolinx has adopted a whole property approach in capitalizing and amortizing its buildings, rail equipment and bus equipment. Under this approach, all components attached to the building structure (lighting, elevators, air conditioning, etc.) are amortized over a composite service life of the property as a whole.

If the development or construction of a capital asset is terminated or deferred indefinitely before completion, the costs capitalized to date are expensed, unless there is an alternative use for the capital asset or unless recovery of those costs from a third party can be reasonably estimated and collection is likely based on related agreements.

Capital assets derived through an Alternate Financing Procurement ("AFP") contract for the design, build, finance and maintenance will contain a portion of the capital design and construction costs that will be paid upon substantial completion of the construction of the capital asset and the remainder over the useful life. A matching contribution receivable from the Province of Ontario is recorded. Annual service payments and lifecycle payments will be paid annually over the term of the contract.

Amortization

Metrolinx provides for the amortization of the various classes of assets over their estimated useful lives on a straight-line basis as follows:

Buildings (including shelters and ticket booths)	5-20 years
Leasehold improvements	Lease life
Locomotives and other railway rolling stock	20-25 years
Improvements to railway right-of-way plant	20 years
Track work and installation	20 years
Buses (including double decker buses)	10 years
Parking lots	20 years
Computer equipment and software	5-10 years
Grade separations	50 years
Other (including furniture and equipment)	3-12 years

Work-in-progress is comprised of direct construction and development costs. No amortization is recorded until the assets are in service.

Long-term lease

Long-term lease represents the prepayment of the lease regarding Union Station. The amount is being amortized straight-line over 100 years, being the term of the lease plus one renewal period.

Employee future benefits

Metrolinx provides pension plan benefits through the multi-employer Ontario Municipal Employees Retirement System ("OMERS") Pension Fund. The expense for the period equals the required contribution for the period.

Metrolinx

Notes to the financial statements

March 31, 2015

(In thousands of dollars)

2. Summary of significant accounting policies (continued)

Employee future benefits (continued)

Metrolinx provides a top-up pension plan benefit calculated by using the accrued benefit method which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of the active employees. Any past service costs are expensed when incurred.

Metrolinx also provides other employee future benefits calculated by using the accrued benefit method which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of active employees. Any past service costs are expensed when incurred.

Commuter services revenue

Revenue is recognized when the transportation service is provided.

Contributions

Metrolinx follows the deferral method of accounting for contributions. Unrestricted contributions, including operating grants are recognized as revenue in the period to which they relate.

Deferred capital contributions relate to funds received for the acquisition of capital assets. These deferred capital contributions are recognized as revenue over the same period as the amortization of the related capital asset.

Internally restricted net assets

Internally restricted net assets are internally restricted to provide a funding source for planned future obligations and to provide flexibility against uncertainties which may arise. All reserves are approved by the Board of Directors and are disclosed on the statement of financial position as net assets.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.
Actual results could differ from those estimates. The items subject to the most significant estimates are amortization of capital assets, certain accrued liabilities, pension plan top-up benefits payable and other employee future benefits payable.

Adoption of new accounting standards

Effective April 1, 2014, Metrolinx adopted Public Sector Accounting ("PSA") standard, *PS 3260, Liability for Contaminated Sites*. The standard requires an assessment of all land holdings to determine if contaminations, as defined under the standard and regulatory requirements, are present on lands not being used in providing transit and other related services. While contaminations may be present, the resultant liability also depends on the existing and future disturbances to the land. A complete inventory of all land holdings was developed and assessed for under the standard. In the year of adoption, there were no liabilities reported under the standard.

Metrolinx

Notes to the financial statements
March 31, 2015
(In thousands of dollars)

2. Summary of significant accounting policies (continued)

Future Accounting Pronouncements

PSAB has released the following new handbook sections which will be applicable to Metrolinx to the extent that there are no specific standards in section PS 4200 to PS 4270 "Government Not-for-Profit Organizations".

PS 2200, Related Party Disclosures; PS 3420, Inter-entity Transactions; PS 3210, Assets; PS 3320, Contingent Assets; and PS 3380, Contractual Rights are all effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. *PS 3430, Restructuring* is effective for fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted.

Management is currently assessing the impact of these new standards.

3. Financial instruments and risk management

Metrolinx's financial assets and liabilities have exposure to the following risks:

Credit risk

Metrolinx is subject to credit risk through its receivables. It is management's opinion that the risk is minimal as most of the receivables are from federal, provincial and municipal governments and organizations controlled by them.

Interest rate risk

Metrolinx does not have significant exposure to interest rate risk related to its long-term liabilities as they are primarily with related parties and are non-interest bearing.

Other price risk

Metrolinx is exposed to changes in crude oil prices as a result of diesel fuel consumption. The potential fluctuations in crude oil prices could have a significant impact on the cost of providing transportation services. This risk is reduced, from time to time, through the use of diesel fuel forward purchase contracts to lock in firmly committed future operating costs for own use consumption.

4. PRESTO Farecard E-purse balances

The balance of funds held on PRESTO farecards E-purse in the amount of $29,024 (2014 - $23,975) has been included in Cash and cash equivalents. The E-purse balance is held on behalf of the farecard owner and therefore a liability is recorded on the statement of financial position.

5. Funds being held for Province of Ontario

During the fiscal year ended March 31, 2007, the former Greater Toronto Transit Authority (GO Transit) received $46,667 from the Province for their contribution towards the TTC participation in the GTA Farecard project. TTC is expected to meet the requirements to receive this funding in the year ending March 31, 2016 and, consequently, the cash held by Metrolinx and the obligation have been moved to current assets (cash and equivalents) and current liabilities (accounts payable and accrued liabilities) on the statement of financial position.

Metrolinx

Notes to the financial statements
March 31, 2015
(In thousands of dollars)

6. Capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
	$	$	$	$
Land	1,941,084	-	1,941,084	1,780,064
Buildings	840,236	337,305	502,931	371,041
Leasehold improvements	36,130	26,109	10,021	7,379
Locomotives and other railway rolling stock	1,661,559	528,588	1,132,971	1,048,766
Improvements to railway right-of-way plant	1,237,787	565,266	672,521	667,523
Grade separations, track work and installation	1,969,015	351,110	1,617,905	621,398
Work-in-progress	4,448,042	-	4,448,042	4,186,869
Buses	357,314	165,911	191,403	149,758
Parking lots	652,553	183,923	468,630	442,703
Computer equipment and software	744,880	223,628	521,252	407,087
Other	169,032	104,897	64,135	56,756
	14,057,632	2,486,737	11,570,895	9,739,344

Work-in-progress includes the following:

	2015	2014 (Note 22)
	$	$
Rail corridor expansion	1,098,652	1,561,207
Union Station	412,382	319,593
Rail fleet	470,682	491,340
PRESTO System	60,115	117,177
Light Rapid Transit and Bus Rapid Transit	1,692,619	1,221,433
Various	713,592	476,119
	4,448,042	4,186,869

Work-in-progress relates to projects which are expected to come into service in 1 to 5 years.

7. Accounts receivable

(a) Accounts receivable is composed of the following:

	2015	2014
	$	$
Recoverable HST	49,952	55,522
Recoverable PRESTO costs	4,123	4,505
Sunk project costs recoverable from City of Toronto	74,787	78,963
Other receivables	25,294	16,156
	154,156	155,146

Metrolinx

Notes to the financial statements
March 31, 2015
(In thousands of dollars)

7. Accounts receivable (continued)

(b) Included in accounts receivable is $74,787 (2014 - $78,963) related to the design of the Light Rapid Transit ("LRT") Scarborough corridor in the City of Toronto incurred by Metrolinx as at March 31, 2015 and does not include costs related to any contract amendments or cancellations with 3rd party vendors. On October 8, 2013, City of Toronto Council voted to replace the planned LRT currently under construction under the Master Agreement with a Scarborough Subway. The City of Toronto has agreed to reimburse Metrolinx for expenditures incurred for the Scarborough LRT, including any potential costs associated with the LRT vehicle supply contract. Accordingly, the costs incurred to date have been reclassified from work-in-progress to accounts receivable.

8. Advances on capital projects

Metrolinx has entered into Memorandum of Agreements ("MOAs") with York Region Rapid Transit Corporation ("YRRTC"), The Regional Municipality of York ("York Region"), City of Toronto and the TTC. The MOAs outline the projects, expected costs, and responsibilities of the parties involved. The MOAs also outline the definition of eligible costs and ownership rights of the projects specified in the agreements. A Master Agreement with YRRTC and York Region was signed April 14, 2011 and covers both past and future eligible costs of constructing the bus rapidway. The MOA with the City of Toronto and the TTC was extended until the earlier of September 30, 2012 and the date on which Metrolinx, TTC and the City finalize definitive legal agreements. A Master Agreement with TTC and the City of Toronto was signed November 28, 2012 and covers the cost of constructing the Eglinton LRT, Scarborough RT, Finch West LRT and Sheppard East LRT. The Master Agreement also covers project governance and costs related to the East Rail Maintenance Facility Alternate Financing procurement.

Pursuant to these agreements, advances were paid to York Region and to the TTC to provide working capital for Deposits on land totalling $97,939 (2014 - $67,713) and other project costs totalling $213,458 (2014 - $139,369) to fund projects being developed by York Region and TTC on behalf of Metrolinx. The Deposits on land referred to above relate to obtaining, in the future, perpetual easements required for the operation of the York Region bus rapidway. The advances on capital projects are to be held in a separate account and any interest accrued will be applied against the project.

As at March 31, 2015, Metrolinx has expended approximately $2,086.7 million (2014 - $1,484.1 million) in relation to these projects, including the following amounts which have been advanced for costs expected to be incurred to June 30, 2015 and deposits related to future perpetual easements.

	2015	2014
	$	$
York Region	**298,575**	191,104
TTC	**12,822**	15,978
	311,397	207,082
Other land deposits	**23,450**	77,335
	334,847	284,417

9. Long-term lease

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
	$	$	$	$
Leasehold, Union Station	**32,704**	**4,824**	**27,880**	28,207

Metrolinx

Notes to the financial statements
March 31, 2015
(In thousands of dollars)

10. Long-term payable and Contributions due from Province of Ontario - long term

Metrolinx and Infrastructure Ontario entered into an Alternate Financing Procurement ("AFP") contract with Plenary Infrastructure for the design, build, finance and maintenance of its East Rail Maintenance Facility. The AFP contract is for thirty years at a total amount of $921,794. Costs incurred as at March 31, 2015 amount to $48,368 and are included in work-in-progress. A matching contribution receivable from the Province for costs incurred to date is included in deferred capital contributions.

11. Deferred capital contributions

The changes in the deferred capital contributions for the year are as follows:

	2015	2014
	$	$
Balance, beginning of year	**7,979,746**	6,558,917
Contributions received or receivable in the period for capital asset acquisitions		
Province of Ontario	**2,070,305**	1,675,947
Municipalities	**6,529**	33,311
Government of Canada	**28,437**	2,718
Amortization of deferred capital contributions	**(350,331)**	(291,147)
Balance, end of year	**9,734,686**	7,979,746

Metrolinx realized a shortfall in municipal funding related to its capital program. The Province has provided funding to bridge the shortfall in the current year in the amount of $171,111 (2014 - $216,148) and the cumulative amount is $973,387. The Province will work with its municipal partners to address the funding shortfalls.

12. Pension contributions

Metrolinx provides pension benefits for substantially all of its permanent employees through participation in the OMERS Pension Fund. The amount expensed in pension contributions for the year ended March 31, 2015 is $23,107 (2014 - $17,874).

13. Pension plan top-up benefits liability

With repatriation of the former GO Transit to the Province in 2002, bargaining and non-bargaining employees requested the Province to rectify the difference in pension benefits to be received by employees of GO Transit. When GO Transit was transferred from the Province to the Greater Toronto Services Board in 1999, the Provincial Plans were frozen and a new plan commenced under OMERS. It had been resolved that GO Transit was responsible for the pension obligation. GO Transit completed an actuarial valuation as of April 1, 2013. The financial statement items resulting from the valuation have been determined in accordance with Section 3250 of the PSA Handbook. The pension expense recognized during the year is $4,778 (2014 - $4,512).

The cost of pension plan top-up benefits is actuarially determined using the projected benefit method pro-rated on service. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees.

Metrolinx

Notes to the financial statements
March 31, 2015
(In thousands of dollars)

13. Pension plan top-up benefits liability (continued)

Information about Metrolinx's pension plan top-up is as follows:

	2015	2014
	$	$
Accrued benefit obligation	74,608	60,169
Fair value of plan assets	(1,698)	1,118
Funded status - plan deficit	72,910	59,051
Unamortized net actuarial loss	(16,169)	(5,488)
Accrued benefit liability	56,741	53,563

Details of the accrued benefit obligation are as follows:

	2015	2014
	$	$
Accrued benefit obligation, beginning of year	60,169	57,970
Current service cost	1,494	1,474
Interest cost on accrued benefit obligation	2,385	2,064
Benefit payments	(1,024)	(900)
Actuarial loss (gain) on accrued benefit obligation	11,584	(439)
Accrued benefit obligation, end of year	74,608	60,169

Details of the pension expense are as follows:

	2015	2014
	$	$
Current service cost	1,494	1,474
Interest cost on accrued benefit obligation	2,385	2,064
Actual return on plan assets	(4)	(3)
Expected return vs. actual return on plan assets	4	3
Amortization of actuarial loss	899	974
	4,778	4,512

Plan assets by asset category are as follows:

	2015	2014
	%	%
Cash invested	12	-
Cash on deposit with Canada Revenue Agency	88	100
	100	100

Other information about Metrolinx's benefit plan is as follows:

	2015	2014
	$	$
Employer contributions	1,600	600
Benefits	25	900

Metrolinx

Notes to the financial statements
March 31, 2015
(In thousands of dollars)

13. Pension plan top-up benefits liability (continued)

The significant actuarial assumptions adopted in measuring Metrolinx's pension plan top-up benefit obligations are as follows:

	2015	2014
Discount rate	2.9%	3.9%
Rate of compensation increase	3%	3%
Inflation per annum	2%	2%
Expected average remaining service life	9 years	6 years

14. Other employee future benefits liability

Metrolinx provides post-retirement life and health benefits, Workplace Safety & Insurance Board ("WSIB") liabilities and retiree severance benefits. The plan is unfunded and requires nominal contributions from employees. Substantially all full time active employees are eligible for life and health benefits. A limited number of employees are eligible for severance benefits.

The measurement date of the plan assets and accrued benefit obligation is March 31 of each year. The most recent actuarial valuation of the other employee future benefits was as of March 31, 2014. The valuation was performed in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from the valuation have been determined in accordance with Section PS3250 of the PSA Handbook. The post-retirement non-pension benefits recognized during the period were $10,892 (2014 - $9,875).

The cost of post-retirement non-pension benefits is actuarially determined using the projected benefit method pro-rated on service, retirement ages of employees and expected health care costs. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees. Past service costs are expensed when incurred.

Information about Metrolinx's post-retirement non-pension benefits is as follows:

	2015	2014
	$	$
Accrued benefit obligation	149,894	112,285
Fair value of plan assets	-	-
Funded status - plan deficit	149,894	112,285
Unamortized net actuarial loss	(44,483)	(15,441)
Accrued benefit liability	105,411	96,844

Details of the accrued benefit obligation are as follows:

	2015	2014
	$	$
Accrued benefit obligation, beginning of year	112,285	110,342
Current service cost	4,596	4,155
Interest on accrued benefit obligation	4,879	3,999
Benefit payments	(2,328)	(2,643)
Actuarial loss (gain) on accrued benefit obligation	30,462	(3,568)
Accrued benefit obligation, end of year	149,894	112,285

Metrolinx

Notes to the financial statements
March 31, 2015
(in thousands of dollars)

14. Other employee future benefits liability (continued)

Details on the post-retirement non-pension benefits expense are as follows:

	2015	2014
	$	$
Current service cost	4,086	4,155
Interest cost on accrued benefit obligation	4,879	3,000
Amortization of actuarial loss	1,917	1,721
	10,882	8,876

The significant actuarial assumptions adopted in measuring Metrolinx's post-retirement non-pension benefit obligations are as follows:

Discount rate for post-retirement non-pension benefit	2.9% (2014 - 4%)
Discount rate for WSIB liabilities	2.3% (2014 - 3.4%)
Discount rate for retiree severance benefits	2% (2014 - 3%)
Expected average remaining service life for post-retirement non-pension benefit	13 years (2014 - 13 years)
Expected average remaining service life for WSIB liabilities	10 years (2014 - 10 years)
Expected average remaining service life for retiree severance benefits	6 years (2014 - 7 years)
Rate of compensation increase	3% (2014 - 3%)
Inflation per annum	2% (2014 - 2%)
Initial Weighted Average Health Care Trend Rate	5.5% (2014 - 5.6%)
Ultimate Weighted Average Health Care Trend Rate	4.3% (2014 - 4.3%)
Dental care benefits increase	4% (2014 - 4%)

15. Net assets invested in capital assets

	2015	2014
	$	$
Capital assets	11,670,000	9,738,344
Deposits on land	121,300	145,068
Advances on capital projects	213,400	138,389
Less deferred capital contributions used to purchase capital assets	(9,734,000)	(7,879,795)
	2,171,000	2,088,015

Metrolinx

Notes to the financial statements
March 31, 2015
(in thousands of dollars)

16. Internally restricted net assets

The internally restricted net assets are as follows:

	2015	2014
	$	$
MCOR	21,091	21,091
Employment obligation	888	922
Self insured retention	3,010	3,010
Stabilization	1,079	1,079
	26,068	26,102

The Municipal Capital and Operating Restructuring ("MCOR") reserve was established to assist in funding large capital expenditures.

The Employment Obligation reserve was established to assist in funding general employment related obligations of Metrolinx.

The Self Insured Retention reserve was established to assist in funding any claims against the self-insured retention layer of Metrolinx's insurance program.

The Stabilization reserve was established to assist in funding fluctuations in operating and capital budgets of Metrolinx from year to year.

17. Commitments

(a) The minimum operating lease payments in each of the next five years are as follows:

	$
2016	26,773
2017	25,819
2018	24,443
2019	24,081
2020	21,352
Subsequent	229,708
	351,976

(b) Metrolinx has also committed approximately $5.3 billion for various capital asset additions/projects.

(c) A significant amount of the services provided by Metrolinx are operated and maintained by outside parties. These services are governed by the agreements with the Canadian National Railway Company ("CN"), Canadian Pacific Railway Company ("CP"), Bombardier Inc., RNR Rail Works Inc. ("RNR"), Toronto Terminals Railway Ltd. ("TTR") and by a number of minor service agreements. Metrolinx has entered into the following major agreements for approximately $210,000 per year:

- i) Master Operating Agreement with CN terminating on May 31, 2016
- ii) Commuter Agreement with CP terminating on December 31, 2019
- iii) Equipment Maintenance Contract with Bombardier terminating on May 31, 2023
- iv) Rail Crew Contract with Bombardier terminating on May 31, 2023
- v) Routine Track and Signal Maintenance contract with RNR terminating on June 30, 2016
- vi) Rail Corridor Management Service Agreement with TTR terminating on June 30, 2016

Metrolinx

Notes to the financial statements
March 31, 2015
(in thousands of dollars)

17. Commitments (continued)

(d) The annual service payments relating to the AFP contract with Plenary Infrastructure (Note 10) will aggregate to $[illegible] after substantial completion of the project expected during the fiscal year ending March 31, 2019.

(e) As at March 31, 2015, Metrolinx had outstanding letters of credit totaling $[illegible] (2014 - $[illegible]).

18. Diesel fuel forward contracts

As at March 31, 2015, Metrolinx has no fixed fee agreements in place to purchase diesel fuel. The change in fair value of the derivative instruments of $[illegible] (2014 - $[illegible]) was recorded as an unrealized gain in the statement of remeasurement gains and losses.

19. Contingencies

Various lawsuits have been filed against Metrolinx for incidents which arose in the ordinary course of business. Management has reviewed these claims and made provisions as appropriate. Where the outcome of a claim is not yet determinable, any settlement will be recorded when it is determined that a claim is likely to be settled and the amount is determinable.

20. Related party transactions and balances

Metrolinx had the following transactions with related parties during the year:

(a) The Ontario Ministry of Transportation, Ontario Ministry of Government Services, Ontario Tourism Marketing Partnership Corporation, Infrastructure Ontario, Ontario Northland and Metropolitan Toronto Convention Centre Corporation charged Metrolinx $[illegible] (2014 - $[illegible]), $[illegible] (2014 - $[illegible]), $[illegible] (2014 - $[illegible]), $[illegible] (2014 - $[illegible]), $[illegible] (2014 - $[illegible]) and $[illegible] (2014 - $[illegible]) respectively during the year for the provision of services provided by these organizations. In addition, Infrastructure Ontario charged $[illegible] (2014 - $[illegible]) in capital expenditures related to the Design Build Finance contract for the Union Pearson rail link project. At March 31, 2015, accounts payable and accrued liabilities and long-term payable included $[illegible] (2014 - $[illegible]), $[illegible] (2014 - $[illegible]), $[illegible] (2014 - $[illegible]) and $[illegible] (2014 - $[illegible]) owing to the Ontario Ministry of Transportation, Ontario Ministry of Government Services, Infrastructure Ontario and Ontario Northland respectively.

(b) Metrolinx charged Ontario Northland and Metropolitan Toronto Convention Centre Corporation $[illegible] (2014 - $[illegible]) and $[illegible] (2014 - $[illegible]) respectively during the year for the provision of services. At March 31, 2015, accounts receivable included $[illegible] (2014 - $[illegible]) and $[illegible] (2014 - $[illegible]) owing by the Ontario Ministry of Transportation and Ontario Northland respectively.

(c) Metrolinx procured one parcel of land for $[illegible] from the Ontario Ministry of Transportation during the year. The transfer was treated as a contribution from the Province equivalent to the fair value of the asset that amounted to $[illegible] (2014 - $[illegible]).

The transactions in 20 (a) and (b) are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Contributions of capital assets from the Province are recorded at the fair value.

Balances due from/to the Province of Ontario are separately disclosed on the statement of financial position. Amounts are non-interest bearing with no specified terms of repayments.

Metrolinx

Notes to the financial statements
March 31, 2015
(In thousands of dollars)

21. Guarantees

In the normal course of business, Metrolinx enters into agreements that meet the definition of a guarantee.

(a) In the normal course of business, Metrolinx has entered into agreements that include indemnities in favour of third parties such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require Metrolinx to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

(b) Indemnity has been provided to all directors and or officers of Metrolinx including, but not limited to, all costs to settle suits or actions due to association with Metrolinx, subject to certain restrictions. Metrolinx has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of Metrolinx. The maximum amount of any potential future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevents Metrolinx from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.

Historically, Metrolinx has not made any significant payments under such or similar indemnification agreements and therefore no amount has been recorded with respect to these agreements.

22. Corresponding figures

Certain of the prior year's corresponding work-in-progress figures in Note 6 have been reclassified to conform to the current year's presentation.

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METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Management Report

The accompanying financial statements are the responsibility of the management of Metropolitan Toronto Convention Centre Corporation. The financial statements have been prepared by management in accordance with the accounting requirements of the Financial Administration Act including Ontario Regulation 395/11. The statements include certain amount based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

Management maintains a system of internal accounting and administrative control that is designed to provide reasonable assurance the financial information is relevant, reliable and accurate and that the Corporation's assets are properly accounted for and adequately safeguarded.

The financial statements have been audited by KPMG LLP, a firm of independent external auditors appointed by the Board of Director, whose report follows.

Dhanjee

Imtiaz Dhanjee
Vice President Finance
June 26, 2015

KPMG

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Metropolitan Toronto
Convention Centre Corporation and the Minister
of Tourism, Culture and Sport

We have audited the accompanying financial statements of Metropolitan Toronto Convention Centre Corporation, which comprise the statement of financial position as at March 31, 2015, the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of the Financial Administration Act, including Ontario Regulation 395/11, *Government Transfers* of the Financial Administration Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

Opinion

In our opinion, the financial statements of Metropolitan Toronto Convention Centre Corporation, as at March 31, 2015 and for the year then ended, are prepared in all material respects in accordance with the accounting requirements of the Financial Administration Act, including Ontario Regulation 395/11, *Government Transfers* of the Financial Administration Act.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 2 to the financial statements, which discloses that the financial statements are prepared in accordance with the Financial Administration Act, including Ontario Regulation 395/11, *Government Transfers* of the Financial Administration Act.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 15, 2015
Toronto, Canada

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Cash and cash equivalents	$ 5,176,954	$ 2,720,725
Customer deposits (note 3)	12,744,735	12,993,950
Accounts receivable (note 8)	4,248,228	3,429,741
	22,169,917	19,144,416
Liabilities:		
Accounts payable and accrued liabilities	6,037,917	7,102,938
Deferred revenue	12,744,735	12,993,950
Employee future benefits (note 6)	2,292,700	2,331,800
Deferred contributions related to tangible capital assets	45,683,108	46,676,219
	66,758,460	69,104,907
Net debt	(44,588,543)	(49,960,491)
Non-financial assets:		
Tangible capital assets (note 4)	188,739,644	190,338,215
Inventories	548,090	503,370
Prepaid expenses	688,435	516,162
	189,976,169	191,357,747
Commitments (note 9)		
Accumulated surplus (note 5)	$ 145,387,626	$ 141,397,256

See accompanying notes to financial statements.

On behalf of the Board:

_______________ Director

_______________ Director

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Operations and Accumulated Surplus

Year ended March 31, 2015, with comparative information for 2014

	March 31, 2015 Budget	March 31, 2015 Actual	March 31, 2014 Actual
Revenue:			
Food and beverage	$ 24,400,100	$ 24,908,262	$ 22,436,078
Facility rental	16,200,000	16,173,121	15,552,597
Parking	10,700,000	10,675,527	10,173,778
Commissions	6,100,000	5,609,899	5,196,088
Communications	1,780,000	2,028,459	1,841,002
Capital contribution	993,100	993,111	993,111
Other	3,028,600	3,270,518	2,906,998
Total gross revenue	63,201,800	63,658,897	59,099,652
Expenses (note 7):			
Facility rental	4,513,800	4,362,530	4,361,425
Event services	524,200	535,660	497,882
Food and beverage	15,823,600	15,548,725	14,802,338
Communications	635,500	640,644	532,058
Parking	2,886,700	2,695,616	2,673,215
Sales and marketing	4,526,800	3,952,508	3,273,975
Engineering	5,136,100	5,123,863	5,055,090
Energy	3,384,400	3,092,339	3,126,574
General and administrative	7,796,400	7,484,841	7,147,821
Other	2,778,400	2,709,646	2,705,522
Amortization	8,618,200	8,522,155	7,997,729
Total expenses	56,624,100	54,668,527	52,173,629
Annual surplus	6,577,700	8,990,370	6,926,023
Accumulated surplus, beginning of year	140,826,400	141,397,256	136,971,233
Distribution payment (note 5)	(3,500,000)	(5,000,000)	(2,500,000)
Accumulated surplus, end of year	$ 143,904,100	$ 145,387,626	$ 141,397,256

See accompanying notes to financial statements.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Changes in Net Debt

Year ended March 31, 2015, with comparative information for 2014

	March 31, 2015	March 31, 2015	March 31, 2014
	Budget	Actual	Actual
Annual surplus	$ 6,577,700	$ 8,990,370	$ 6,926,023
Acquisition of tangible capital assets	(7,909,000)	(6,923,584)	(10,398,174)
Amortization of tangible capital assets	8,618,200	8,522,155	7,997,729
	7,286,900	10,588,941	4,525,578
Acquisition of inventories	(5,300,000)	(5,273,120)	(5,151,856)
Acquisition of prepaid expenses	(650,000)	(949,403)	(605,642)
Consumption of inventories	5,400,000	5,228,400	5,128,744
Use of prepaid expenses	638,800	777,130	621,524
Distribution payment	(3,500,000)	(5,000,000)	(2,500,000)
Change in net debt	3,875,700	5,371,948	2,018,348
Net debt, beginning of year	(50,815,700)	(49,960,491)	(51,978,839)
Net debt, end of year	$ (46,940,000)	$ (44,588,543)	$ (49,960,491)

See accompanying notes to financial statements.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 8,990,370	$ 6,926,023
Items not involving cash:		
Amortization	8,522,155	7,997,729
Employee future benefits	(39,100)	(320,000)
Deferred contributions related to tangible capital assets	(993,111)	(993,111)
	16,480,314	13,610,641
Change in non-cash assets and liabilities:		
Accounts receivable	(818,487)	129,112
Inventories	(44,720)	(23,112)
Prepaid expenses	(172,273)	15,882
Accounts payable and accrued liabilities	(1,065,021)	1,116,568
	14,379,813	14,849,091
Financing activities:		
Distribution payment (note 5)	(5,000,000)	(2,500,000)
Capital activities:		
Additions to tangible capital assets	(6,923,584)	(10,398,174)
Increase in cash and cash equivalents	2,456,229	1,950,917
Cash and cash equivalents, beginning of year	2,720,725	769,808
Cash and cash equivalents, end of year	$ 5,176,954	$ 2,720,725

See accompanying notes to financial statements.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to Financial Statements

Year ended March 31, 2015

Metropolitan Toronto Convention Centre Corporation (the "Corporation") is incorporated as a corporation without share capital under Bill 141, the *Metropolitan Toronto Convention Centre Corporation Act, 1988*, and is subject to control by the Province of Ontario through the Ministry of Tourism, Culture and Sport. The Corporation is a Crown Agency under the same act and is exempt from income taxes.

The Corporation operates a convention facility for conventions, trade shows, consumer shows, corporate and food and beverage events and parking facilities.

1. Significant accounting policies:

(a) Revenue recognition:

Revenue from food and beverage sales, facility rentals and the use of the Corporation's parking facilities is recognized when services are provided. Commissions revenue is recognized as it is earned. Cancellation fees are recognized when an event is cancelled.

(b) Inventories:

Inventories are recorded at the lower of cost and net realizable value.

(c) Deferred contributions related to tangible capital assets:

Funding received from the Province of Ontario used for the acquisition of depreciable tangible capital assets is recorded as deferred contributions. This is recognized as a recovery in the statement of operations equal to depreciation charged on the related depreciable tangible capital assets, of which the annual change in the account of $993,111 (2014 - $993,111) is recorded in the statement of cash flows.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

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1. **Significant accounting policies (continued):**

(e) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is charged on a straight-line basis over the following estimated useful lives of the assets:

Building	50 years
Furniture, fixtures and computer equipment	3 - 10 years
Leasehold improvements	5 - 20 years

Tangible capital assets are reviewed for impairment whenever conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value.

(f) Deferred revenue:

Deferred revenue represents customer deposits received for future use of the Corporation's facilities. Deposits are applied against the customer's billing when services are rendered.

(g) Use of estimates:

The preparation of financial statements requires management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful life of tangible capital assets, valuation allowances for accounts receivable, and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

(h) Financial instruments:

Financial instruments are recorded at fair values on initial recognition and subsequently recorded at cost or amortized cost.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

1. **Significant accounting policies (continued):**

(i) Budget figures:

Budget figures have been derived from the Business Plan approved by the Board of Directors on February 26, 2014.

2. **Basis of presentation:**

The Financial Administration Act requires that the financial statements be prepared in accordance with the accounting principles used by the Province of Ontario, being the Canadian public sector accounting standards ("PS") as published by the Public Sector Accounting Board and that changes may be required to these standards as a result of regulation.

Ontario Regulation 395/11 requires that government transfers used for the acquisition of depreciable tangible capital assets is recorded as deferred contributions and is recognized as a recovery in the statement of operations equal to depreciation charged on the related depreciable tangible capital assets. This accounting requirement is not consistent with the requirements of PS, which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability, in which case, the transfer is recognized as revenue over the period that the liability is extinguished.

Accordingly, these financial statements have been prepared in accordance with the accounting requirements of the Financial Administration Act, including Ontario Regulation 395/11, *Government Transfers* of the Financial Administration Act.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

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3. **Customer deposits:**

Customer deposits represent cash received for future use of the Corporation's facilities. Included in this balance is $3,000,000, which has been invested in a guaranteed investment certificate, which matures on July 24, 2015.

4. **Tangible capital assets:**

		Cost		Accumulated amortization		2015 Net book value		2014 Net book value
Building	$	229,390,495	$	75,858,580	$	153,531,915	$	155,086,269
Furniture, fixtures and computer equipment		36,731,125		26,740,032		9,991,093		10,007,628
Leasehold improvements		66,221,973		41,005,337		25,216,636		25,264,320
	$	332,343,593	$	143,603,949	$	188,739,644	$	190,358,217

5. **Accumulated surplus:**

The total accumulated surplus includes the contributed surplus, accumulated distribution payments and the accumulated annual surplus as follows:

		Contributed surplus		Accumulated distribution payments		Accumulated annual surplus		Total accumulated surplus
Balance, March 31, 2014	$	142,850,705	$	(54,000,000)	$	52,546,551	$	141,397,256
Distribution payment		–		(5,000,000)		–		(5,000,000)
Annual surplus		–		–		8,990,370		8,990,370
Balance, March 31, 2015	$	142,850,705	$	(59,000,000)	$	61,536,921	$	145,387,626

The contributed surplus balance was created as a result of the Ontario Financing Authority (the "OFA") issuing a release to the Corporation as at March 30, 2003 from all of its obligations under the temporary expansion financing.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

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5. Accumulated surplus (continued):

The Corporation agreed to make a minimum distribution payment to the Province of Ontario annually in the amount of $2,500,000 less any amount of payments in lieu of property taxes that it makes within that year and annually, any such further amounts agreed to in writing by the Corporation and the OFA.

The Board of Directors approved a distribution payment of $5,000,000 on February 18, 2015 based on the financial results of fiscal 2015 (fiscal 2014 - $2,500,000). Since the establishment of the distribution policy, the total amount paid is $59,000,000 (2014 - $54,000,000).

6. Employee future benefits:

The Corporation maintains a registered pension plan that provides a defined benefit component and a defined contribution component. Under the defined benefit component of the pension plan, contributions are made by employees at specified rates and by the sponsor in such amounts and at such times as determined by the consulting actuaries. The defined benefit component of the plan provides pension benefits based on the length of service and best average pensionable earnings. Certain retired employees also receive health and other post-retirement benefits paid for by the Corporation. Furthermore, there is also an unfunded executive retirement allowance plan available to an executive which accrues at the rate of 15% of the executive's base salary and a funded retirement compensation agreement for a retired executive which no longer accrues benefits.

The Corporation accrues its obligations under the defined benefit plan as the employees render the services necessary to earn the pension and other retirement benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected accrued benefit cost method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). The measurement date of the post-employment plans and retirement compensation agreement coincides with the Corporation's fiscal year, and the defined benefit plan measurement date is December 31. The most recent actuarial valuations of the defined benefit plan for funding purposes (and the next required valuations) and the actuarial valuation of the other post-employment plans (and the next required valuations) are as follows:

(a) Defined benefit registered pension plan - December 31, 2013 (December 31, 2016);

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

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6. **Employee future benefits (continued):**

(b) Other post-employment plans - March 31, 2014 (March 31, 2017);

(c) Retirement compensation agreement - March 31, 2013 (March 31, 2016); and

(d) Executive retiring allowance plan - March 31, 2013 (March 31, 2016).

Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the expected average remaining service period of active employees ("EARSL").

As shown in the following table, the Corporation has a deficit of $1,800,108 (2014 - $2,690,000) for its employee future benefit plans. The funding deficit is offset by unamortized net actuarial gain of $492,592 (2014 - loss of $358,200) and results in an employee future benefit liability of $2,292,700 (2014 - $2,331,800) recorded in the financial statements.

Currently, there are 120 employees enrolled in the defined benefit plan and 198 employees enrolled in the defined contribution plan. During 2005, the Corporation closed the defined benefit component of the plan. All new eligible plan members must join the defined contribution component of the plan. The defined contribution portion of the plan is fully funded as at March 31, 2015.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

6. Employee future benefits (continued):

Information about the Corporation's pension plan and employee benefit arrangements are detailed in the table below:

			2015			2014
	Pension plan	Employee benefits	Total	Pension plan	Employee benefits	Total
Defined benefit plan expense:						
Current year benefit cost	$ 1,180,200	$ 89,000	$ 1,269,200	$ 1,175,100	$ 87,100	$ 1,262,200
Amortization of actuarial loss	20,600	20,400	41,000	28,600	19,100	47,700
Employee contributions	(185,800)	-	(185,800)	(193,300)	-	(193,300)
Defined benefit plan expense	1,015,000	109,400	1,124,400	1,010,400	106,200	1,116,600
Defined benefit plan interest expense:						
Interest cost on accrued benefit obligation	1,589,200	110,000	1,699,200	1,400,800	100,800	1,501,600
Expected return on plan assets	(1,528,300)	(22,100)	(1,550,400)	(1,314,300)	(21,700)	(1,336,000)
Defined benefit plan interest expense	60,900	87,900	148,800	86,500	79,100	165,600
Total defined benefit plan expense	*1,075,900*	*197,300*	*1,273,200*	*1,096,900*	*185,300*	*1,282,200*
Defined contribution plan cost	561,300	-	561,300	501,400	-	501,400
Total benefit plan expense	$ 1,637,200	$ 197,300	$ 1,834,500	$ 1,598,300	$ 185,300	$ 1,783,600

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

6. Employee future benefits (continued):

			2015			2014
	Pension plan	Employee benefits	Total	Pension plan	Employee benefits	Total
Expected closing balance of accrued benefit obligation:						
Actual accrued benefit obligation, beginning of year	$ 27,524,600	$ 2,280,800	$ 29,805,400	$ 24,178,800	$ 2,128,500	$ 26,307,300
Current year benefit cost	1,180,200	89,000	1,269,200	1,175,100	87,100	1,262,200
Interest cost	1,589,200	110,000	1,699,200	1,400,800	100,800	1,501,600
Benefit payments	(953,800)	(84,400)	(1,038,200)	(808,900)	(83,200)	(892,100)
Expected closing balance of accrued benefit obligation, end of year	$ 29,340,200	$ 2,395,400	$ 31,735,600	$ 25,945,800	$ 2,233,200	$ 28,179,000
Expected plan assets:						
Actual plan assets, beginning of year	$ 26,334,200	$ 781,200	$ 27,115,400	$ 22,381,400	$ 778,000	$ 23,159,400
Employer contributions	1,256,600	55,700	1,312,300	1,569,000	33,200	1,602,200
Employee contributions	185,800	–	185,800	193,300	–	193,300
Expected return on plan assets	1,528,300	22,100	1,550,400	1,314,300	21,700	1,336,000
Benefit payments	(953,800)	(84,400)	(1,038,200)	(808,900)	(83,200)	(892,100)
Expected plan assets, end of year	$ 28,351,100	$ 774,600	$ 29,125,700	$ 24,649,100	$ 749,700	$ 25,398,800
Amortization of gains/losses on accrued benefit obligation:						
Expected closing balance of accrued benefit obligation	$ 29,340,200	$ 2,395,400	$ 31,735,600	$ 25,945,800	$ 2,233,200	$ 28,179,000
Actual accrued benefit obligation	29,555,871	2,489,000	32,044,871	27,524,600	2,280,800	29,805,400
Experience loss	$ (215,671)	$ (93,600)	$ (309,271)	$ (1,578,800)	$ (47,600)	$ (1,626,400)
Annual amortization over EARSL	$ (20,600)	$ (10,100)	$ (30,700)	$ (118,700)	$ (3,700)	$ (122,400)
Amortization of gains on plan assets:						
Expected closing balance of plan assets	$ 28,351,100	$ 777,600	$ 29,128,700	$ 24,649,100	$ 749,700	$ 25,398,800
Actual plan assets	29,452,600	792,163	30,244,763	26,334,200	781,200	27,115,400
Experience gain	$ 1,101,500	$ 14,563	$ 1,116,063	$ 1,685,100	$ 31,500	$ 1,716,600
Annual amortization over EARSL	$ 105,000	$ 1,100	$ 106,100	$ 126,700	$ 2,200	$ 128,900
Actual pension liability recorded in the statement of financial position:						
Actual accrued benefit obligation	$ 29,555,871	$ 2,489,000	$ 32,044,871	$ 27,524,600	$ 2,280,800	$ 29,805,400
Actual plan assets	(29,452,600)	(792,163)	(30,244,763)	(26,334,200)	(781,200)	(27,115,400)
Deficit	103,271	1,696,837	1,800,108	1,190,400	1,499,600	2,690,000
Unamortized actuarial gains (losses)	703,829	(211,237)	492,592	(202,600)	(155,600)	(358,200)
Actual pension liability recorded	$ 807,100	$ 1,485,600	$ 2,292,700	$ 987,800	$ 1,344,000	$ 2,331,800

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

6. Employee future benefits (continued):

The total accrued pension benefit liability of $2,292,700 (2014 - $2,331,800) is included in the Corporation's statement of financial position.

The significant actuarial assumptions used in accounting for the plans are as follows:

	2015		2014	
	Pension plan	Employee benefits	Pension plan	Employee benefits
Discount rate	5.50%	2.90 - 5.50%	5.75%	3.25% - 5.75%
Expected return on plan assets	5.75%	2.88%	5.75%	2.88%
Rate of compensation increase	2.50%	n/a	3.75%	n/a
Indexation rate	1.50%	1.50%	1.75%	1.75%
EARSL (years)	10.5	8.8 - 13.3	13.3	10.3 - 14.1

Assumed health care cost trend rates at March 31:

	2015	2014
Initial health care cost trend rate	8.0%	6.4%
Cost trend rate declines to	4.0%	3.0%
Year that the rate reaches the rate it is assumed to remain at	2031	2031

7. Expenses:

Included in expenses are wages and benefits of $25,804,761 (2014 - $24,909,185).

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

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8. Financial instruments, risk management and capital management:

(a) Financial instruments:

PS 3450 requires an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - observable or corroborated inputs, other than Level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The Corporation's financial assets carried at fair value, which include cash and cash equivalents and customer deposits, are classified as Level 1.

There were no financial instruments categorized in Level 2 or in Level 3 as at March 31, 2015 and 2014.

There were no changes in categorization of financial assets and liabilities into the three levels in the fair value hierarchy during the year.

The carrying values of cash and cash equivalents, customer deposits, accounts receivable and accounts payable and accrued liabilities approximate fair values due to their short-term nature.

(b) Risk management:

The Corporation's activities expose it to a variety of financial risks: credit risk and liquidity risk. Risk management is the responsibility of the Corporation's management which identifies and evaluates financial risks. Material risks are monitored and discussed with the Finance and Audit Committee of the Board of Directors. The Corporation does not utilize derivative financial instruments.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

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8. Financial instruments, risk management and capital management (continued):

(i) Credit risk:

Credit risk arises from cash held with the banks and financial institutions and accounts receivable. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Corporation assesses the quality of its counterparties, taking into account their creditworthiness and reputation, past experience and other factors.

The aging of accounts receivable is as follows:

	2015	2014
Current	$ 1,721,045	$ 2,225,475
Less than 60 days overdue	2,195,444	889,988
More than 60 days overdue	4,740	23,551
Less allowance for doubtful accounts	(24,264)	(40,354)
Total trade accounts receivable	3,896,965	3,098,660
Non-trade accounts receivable	351,263	331,081
	$ 4,248,228	$ 3,429,741

The carrying amounts of accounts receivable represent the maximum credit exposure.

(ii) Liquidity risk:

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Corporation's objective in managing liquidity risk is to maximize available cash reserves to meet its liquidity requirements in order to meet obligations as they come due. The Corporation has established a conservative investment policy to achieve this objective. The governance of this policy refers to the Corporation's power to invest surplus monies only in the following investments:

(a) Canadian government securities (federal and provincial);

(b) guaranteed investment certificates; and

(c) deposit receipts, deposit notes and bankers' acceptance (Schedule A or B bank).

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

8. Financial instruments, risk management and capital management (continued):

The policy also includes minimum quality requirements and recognized bond rating agencies pertaining to the above investments.

The Corporation's financial liabilities, which include accounts payable and accrued liabilities, are generally due within one year.

(c) Capital management:

The Corporation's objective in managing capital is to safeguard the entity's ability to continue as a going concern and make distributions to the OFA.

9. Commitments:

The Corporation is committed to minimum annual lease payments (excluding common area charges) under various operating leases for facility rental, parking, office space, computer equipment and equipment, as follows:

2016	$ 1,950,597
2017	905,986
2018	821,441
2019	690,726
2020	562,824
Thereafter	1,588,275
	$ 6,519,849

The Corporation's minimum annual distribution of $2,500,000 required to be paid to the OFA (as disclosed in note 5) has been excluded from the commitments schedule above.

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